Previous references.

File No. 131

1904-5

~~1904-6~~

(Fl Finance)

Later references.

G.7-131 of 04-5 SS 35861 (B Jun).

G.7. 23 of 06 SS 13,17 & 18821 (B. May).

do 23-11 Ex 1, 2 5, 6, 7, 12, 14, 22023 B. May 13

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 34 & 40

PART B FOR June 05

FILE No. 131 of 1904-05.

The Mysore Spinning and Manufacturing Company.

34 From the Chairman of the Board of Directors, Bombay, letter dated 11th April 1905.
States that Government need not apprehend that its interest has in any way suffered during the short period the Mill has been working and recommends the grant of a further credit of Rs. 50,000 in favour of the Mill.

40 To the Comptroller, the Chairman of the Directors. S. S. Setlur, Esq., and extract to Mr. Oosmankhan, merchant, Dodpet, Bangalore, No. Fl. 8188-91, dated 1st June 1905.
Directs that Mr. Oosmankhan be appointed a broker for one year on probation, subject to the payment to him of a commission of annas 8 per Rs. 100 paid or received in the transactions carried on through him as well as any necessary expenses incurred by him in connection with the business, that the receipts of sale of the yarn be deposited in the Government Treasury from day to day, that the Managing Director be informed of the quantity and quality of cotton bought and the price given every time a purchase is made; and sanctions a further advance of Rs. 20,000 under the usual conditions.

G. R. S. 11] 1904.

GENERAL AND REVENUE SECRETARIAT

(E. Jurang

NOTES.

. File. No 1317/04

FILE HEADING.

The Bijapur Spinning and Manufacturing Company

From

The Chairman of the Board of Directors Bombay

No Letter Dated 11-4-05 Received 15-4-05

Diary No. 4253	Enclos.	Spare Copies.	Serial No. 84

BRIEF ABSTRACT OF LETTER.

States that certain figures & statements made by the Board in their note of 14-3-05 are incorrect- and that during the short-time the mills have been working the interests of shareholders have in no way suffered & supports the agents request for a further credit of Rs 50,000/- & the reduced

NOTES AND ORDERS.

May this be dealt with officially by the Compt Secy for any remarks or observations they may be made to make

files for orders

17/4/05

17/4/05

NOTES—First sheet.

MGCPB—30,000—17-2-05.

G.R.S. 12]
General and Revenue Secretariat.

File No. 131 of 1904

Serial No.

This is a reply from the Chairman of the Board of Directors of the Mysore Spinning and Manufacturing Co. in reference to a confidential communication of 14.3.05 received from the Comptroller, copy of which was furnished to the Chairman. It may if ordered, be sent to Comptroller, for remarks if any he may have to offer.

submitted to secy

H

A letter received from the Chairman asking for records is also put up

No. H 694 of 18-12-05

forwarded to the Comptroller for favor of return

18/4/1905 W. Lee

COMPTROLLER'S OFFICE APR. 18. 1905 MYSORE

This long letter from the Board of Directors of the Mysore Spinning & Manufacturing Coy is an elaborate piece of special pleading on behalf of the agents of the Mill and I do not think that the arguments used in the letter in any way efface the impression of bad management that is produced by an examination of the transactions

NOTE—Contn. sheet.

MGCPB—20,000—1-11-04.

G.R.S. 12]
General and Revenue Secretariat.

File No. 131 of 1904

Serial No.

My note for Government was marked Confidential and Secretary sent the note d.o. to the Chairman. It is not therefore clear that the note should have been brought before the Directors in meeting in which the agent was strongly represented. My object in writing the Note has therefore been frustrated I wanted help from the Directors & others interested in the Economical and profitable working of the Mill in my work of checking the transactions but in stead of helping me they have simply tried to stop my mouth and suggested that the agents should be left a free hand.

I now find that We had made a mistake in thinking that there is anything like a body of independent Directors. I am now informed that the agent is everything and the Directors are lay creatures In these circumstances it is useless to expect any impartial advice from the Bombay Side

I do not intend to examine the long letter of the Directors in too much detail. The broad facts that will

MGCPB—20,000—1-11-04.

Strike Every one are these.

It is the duty of agents of Mills to work them to their full capacity whenever there is any margin of profit, to assemble labour as speedily and as economically as possible, to make purchases of raw articles in the cheapest market and to sell the produce of the Mills as quickly as possible to the best advantage. These are the vital matters with an working agent It will be seen that in their anxiety to Crush poor Mr Buss the Directors have ~~made~~ made unqualified admission that the agents have not succeeded in securing sufficient labour for the Mill, that consequently the Mill was not worked to its full capacity in January & February when there was a large margin of profit, and lastly the agents can not sell their produce because there is a new mill and the market will easily take the outturn.

that the agents did not foresee that prices of cotton would go down and therefore purchased largely when the price was high

If the above is the real state of affairs, should any one be dam-

MGCPB—20,000—1-11-04.

Serial No.

priseil if Govt which was alone responsible for the funds were to suspect the bona fides of the management and asked for advice from the Directors of the Bond? And was there anything wrong in stating the insinuations about unfair working?"

To return to the letter of the Board. Para 2. The Board regret that I should have had any occasion to distrust the management. I have already explained that there were good grounds for distrusting the management because it has completely failed in the work expected of it. I would not however, have so freely stated my feelings if I had any idea that my note was going to be considered by the agents themselves. I am glad of the assurance that the allegations are unjustifiable but I should have accepted this assurance more readily if it had come from some independent body.

Para 3. I have made some marginal remarks in pencil. The real fact seems to be that the agents really do not know their business or knowing it they have

Serial No.

let matters slide. The difficulties are being magnified and the negligence condoned.

Para. 4. It will be seen that ~~white~~ I omitted the prices on each date to be compared with quotations. Instead of this they take an average and compare that with an undefined average of another mill as I have said this is special pleading throughout

Para 5. Here again they compare the average of the best cotton ~~Comp~~ Comptes with the average of our statement & draw general conclusions.

Para 6 & 7 I never objected to Commencing purchases in November & to requiring cotton in November but in view of the uncertainties of the position the purchases should have been ~~rejected~~ restricted to immediate requirements. Later on the Directors admit that they did not foresee the difficulties about labour, or Oals & other matters. But did they foresee anything that was forwarded to Government?

Para 8 It is useless to talk of the average capacity of 5000 bales

MGCPB—20,000—1-11-04.

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when really half the Mill was not worked. Should not the agents have proceeded more cautiously? You failed to press Everything that is expected of an Expert agent and therefore, you should not be suspected of mismanagement.

Para 12. I have said that the letter is a special pleading, and therefore the Directors or rather the agents select the one entry which suits them & explain it away & the grammatical meaning of the articles A & The. I put up the Bombay Cash account for January which shows that the entry for the 10th January does not state the mill at Hubli but "purchased for mill at Hubli" This is not all. Purchases have been made at Dewas-pore, Ranebennur & other places: but no where it is stated that the payments are for purchases for Mill at Dewapore or Ranebennur. Further, if I remember rightly there was some insurance of Cotton at Hubli. Shall I understand that the insurance

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took place at Hubli or the other
~~the~~ enquiry was at Hubli? In
fact Mr Sirur has told me at least
half a dozen times that he has a
mill at Hubli I understood the
Mill belonged to him but whether
it belonged to him or he was a broker
for it does not really matter for our
present purpose.

Para. 13. My object in mentioning
this transaction was to show that
if it was true it showed that the
agent was speculating at Govt risk
I do not simply believe that the
sales were made for want of money
Was it reported to us before? Should
not Govt have been told that for
want of funds our purchases at
low prices were being cancelled
Para 14 I must repeat that nothing
would give me so much satisfaction
as to find out that I was wrong
in my doubts as to the mismanage-
ment but this letter does not show
anything but asks me to believe
that the agents are honest.

MGCPB—20,000—1-11-04.

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Paras 15 & 16 These paragraphs try to prove too much. Exactly as there are forward purchases of cotton, there are also forward sales of yarn and there are well managed mills in which very little stock is allowed to accumulate pending delivery. The Directors even go so far as to say that the purchasers realise the financial weakness of the Mill. Are we to understand that the financial support of the Mysore Govt is not worth much?

Paras 17 & 18 I am afraid I must plead very great stupidity on my part in not being able to accept the conclusion that 2½ lakhs may not be an unreasonable amount to be advanced for working the Mill. Nearly all the capital of a joint stock Cotton Company is generally sunk in Block account and funds are obtained by mortgaging the stock in trade with Banks. I do not believe that ordinary Banks would advance on yarn at a margin of less than 50%

Serial No.

Cont

Para 19 The calculation in this para is very one sided. In the first place Govt had an asset of about Rs 7,000 in machinery & dead stock when the Mill was started and the net value of Rs 15,000 on account of Wages Dues is outside the present arrangement and the Rs 7,000 on account of unexpired insurance can not be treated as a tangible asset; so that the assets are overstated by Rs 29,000 As regards liabilities the total advance up to 28th July was really Rs 99 266 and the interest on it over Rs 1,752 making a total of over Rs 1,01,000 against Rs 92,000 taken in this para. The overstatement being (9+29) Rs 38,000 the true state of assets Rs 11,000 is converted into a deficiency of Rs 27,000, which closely agrees with my previous official reports to Govt.

Para 20 The price of the machinery is not increased by the cost of the repairs but we must take per contra the value of deterio-

MGCPB—10,000—31-8-04.

Serial No.

ation which must be very great in the case of a mill not fully worked It is not difficult to understand that the ~~four~~ parts of the machinery remaining idle can not absorb ~~they convey~~ the energy they convey in spinning or weaving and are therefore heated which means a serious deterioration

Para 21 This part of the letter is most amusing I said in my letter that so far as the agents are concerned, they get the wrong fee, for there is no provision that in calculating the commission due to the agents the interest on the capital should be taken into account. In so far as the agents are concerned they are not affected by drawing as much from out as possible This clear statement ~~is~~ Surprises the ~~four~~ Directors and they are arguing against the Mysore Govt Poor Directors!!

The question remains what to do with the reasonable request for a further advance of ~~Rs~~ 50,000

MGCPB—10,000—31-8-04.

Serial No.

I must say that I can not under present conditions recommend the advance. The agreement is very one sided and under one of its clauses Govt is bound to advance the necessary capital The first question is whether Govt makes itself liable in any way by refusing to advance further capital. If not, We should insist on a change in the terms of the agreement or at least for stricter control over the management. This stricter control might be exercised through the European Manager who has recently been appointed and the best thing would be to make that a Govt appointment & to charge his pay to the Mill.

H. Basu
13.4.05

Submitted to the Devanhahle

6.8.9/19.4.05

M
15.4.1905

I will put the D.O. cover in a confidential cover & circulate to the Councillors. We shall discuss the matter on Wednesday if we can meet at one o'clock

MGCPB—10,000—31-8-04.

G.R.S. 12]
General and Revenue Secretariat.

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Serial No.

Mr Basu seems to have studied the subject very well and given an accurate description of the present conduct of the Mill. Mr Wacha has given valuable information for obtaining which Mr Setlur must be thanked. The attitude taken up by the Bombay Directors is very much to be regretted. Instead of meeting Mr Basu as a friend they have assumed hostility towards him and tried to defend the Agents with incorrect figures and plausible arguments. The Mill is in a state of trust and I am prepared to concede that all are actuated by the best of motives. Under the circumstances the defects by whomsoever pointed out must be removed and the best working secured. Judged by the above standard two things seem to be essential. Competition must buy and control the internal management. He should endeavour

(Do vide in the cover)

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Wilson more details and con-
trol them It is very good when
the Manager immediately under
him but in effecting this ar-
-rangement all possibilities of
conflict between him and the
Agents must be removed How
this can be achieved must be
carefully considered The subord-
-nation of the Manager to the
Agents must be emphatically
declared & the Manager must
inform the Comptroller of every
material event which takes
place in the Mill - The consent
of the Agents must be obtained
and if the Comptroller has any
other modus operandi to suggest
I shall of course be glad to hear
Secondly he wants to say that if a
broker is required he may be of
use The Secretary assures me
that the man of his choice will
do well From one or two conversa-
tions I had with him I think he
is intelligent & earnest & seems
also to know something of this

MGCPB—20,000—1-11-04.

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business Work will be maybe lost for six months or a year.

It will be a great thing if the expert advice of one like Mr. Walcha can be secured on occasions of doubt and importance Mr. Selkirk may be consulted.

The Agents have acted unwisely - and almost discourteously towards Mr Selkirk in not supplying him all the information he wanted. His conduct should be explained -

Vide his letter to DO in the D.O. file -

There can be no doubt that yarns & cloths should have been sold expeditiously. The neighbouring mill has sold during January & February large quantities of yarn The information obtained from them should be kept quite confidential Mrs delay shows want of capacity in the Agents and accentuates the want of a proper Broker I think for this reason also that no Broker suggested by the Secretary should be given

Vide Statistics in the D.O. file will put up in the accompanying -

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a ~~decrease~~ trial I do not see how the ⊕ Mill can be worked without more advance A sum not exceeding 2 0000 ~~Rs~~ may be advanced and ~~the~~ actual application for ~~sale~~ purchase of cotton & the payment of labour must be secured. It is of prime importance that there should be a reliable cashier and I should be glad if the present cashier who was a party to the failure of the Mill ~~is~~ was substituted by another good man. The Agents must be assured that the Govt have not the least objection to their work with every confidence but they must understand that they must act in deference to the wishes & orders of the Committee who is the representative of the Govt who have under the Agreement full powers of control & direction in the management of the Mill The Bombay Director must keep the Govt informed of all that they do action must

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at once be taken under consideration the sketch of yarn &c - and to deposits or credits all the weights &c in the Govt Treasury as they are received from day to day - It maybe wise to have one or two &c 1.5 of these confidential informants in the Cotton Districts to give information of the price of cotton & the agents must supply information of the quantity bought & the price given & the whole everytime a purchase is made

I met them above at 1st May and discussed the whole informally in a meeting of the Council today - The rules & proposals above were generally approved and the 7s Commissioner suggested three ideas The first is that a good Official of experience, intelligence & honesty might be appointed to buy cotton, the second is that traders may

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be called for the purchase of cotton and that yarn may be sold periodically These ideas deserve consideration & I shall be obliged if the Manager & Director will in consultation with the Agents favour me with his views on the matter In the meanwhile action may be taken on the lines indicated by me - I remember the Secretary having told me more than once that any suggestion be consulted the Agent - Mr Dattatreya Sirdar and that he had no objection to the Brokers. I hope I am correct in this recollection No order on the matter needed passed but this note may be shown Mr Baden - When I return I shall have a further reference about the matter. If however the Comptroller wants an order for the payment of the further advance an order may be passed.

Yes Sir BD

3.5.03

(Illegible)

Continued on next

COUNCIL MATTER. ~~FOR DISPOSAL BY CIRCULATION~~

Subject.

Further advance to the Mysore Spinning and Manufacturing Company, and other matters connected therewith

CIRCULATED to COUNCILLORS.

By Order,

Camp Ootacamund
1st May 1905.

A. Srinivasa Rao
Assistant Secretary.

Name.	Remarks by the Councillor.
C. Sreenivasiengar Esq., First Councillor.	Seen 2/5/05.
Sent on	
Received on	
Rao Bahadur, C. Madiah Esq., Second Councillor.	
Sent on	
Received on 2/5/05.	Seen. 2/5/05

G.B.P.M.—28-6-1904.—50.

Serial No.

W Sreenivasa Iyengar also thought that the establishment & the cost involved thereby might receive by the Comptroller. This may I think be done with advantage.

4.5.05 (Illegible)

Rec'd on 8/5/1905

I showed this to the Comptroller. I promised to send my draft to him for approval before submission to the Dewan Sahib

8/5/1905 BR

Draft order is herewith sent to the Comptroller 18.5.1905

I have noted the orders about the further advance of Rs 20,000.

I am not sure whether the Dewan Sahib wanted all his orders to be put in one draft and if a Resolution in the form drafted is really required at this stage. Apparently the orders on some of the points are not yet final and the Dewan Sahib will be prepared to reconsider some of the points on his return.

I have always said that we made a mistake in thinking that the Directors were independent of the Agents. The feeling is very much

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present and our true interest re-
quires that We should conceal our true
real feelings and try to throw dust in
troubled waters.

In the first place, We need not say
(1) plainly at present that the manage-
ment has not been satisfactory.

The Comptroller's Confidential Memo
(2) and Mr Sethna's letter should not be
quoted in official correspondence.

As a matter of policy the Comptroller
(3) need not be applauded the Govt
Resolution - the agents will take this
as an indirect stroke given on their
management. I am very grateful -
that my humble efforts to watch
the interests of Govt have been appre-
ciated It is sufficient for me that
my work approved by my masters
whose salt I eat but I do not care
whether outsiders know this or not
Specially when such an announcement
will in my humble opinion render
my position some what inconvenient.

As regards control over internal
(4) management, Revision of Establishment
of the Comptroller, Substitution of a less

NOTE—Contn. sheet.

Serial No.

Cashew &c I think these things should not appear in the Resolution. Their appearance will produce the impression that although Govt is convinced of the honesty of motive the agents are not trusted. This not expedient I think I shall be given opportunity to appeal against the decision to impose all these new duties upon me after the decree habeas return. I am not only unfit for the work but I have no time to do it. The insurance work takes nearly 2½ hours of my time on an average a day and I feel I have been able properly to look after my proper duties as Comptroller to the Govt. If the Govt insists upon my doing a work for which I am quite unfit - I may be obliged to ask that my services may with the permission of Govt, be retransferred at the disposal of the Govt of India. I would again respectfully ask that the question may be kept over for further consideration.

As regards the books, I suggest

(5)

Serial No.

that Secretary may first settle the exact terms of the appointment in consultation with the agent and then issue a separate order about it In any case, the Comptroller cannot be made to hear travelling expense bills to a private broker

I venture respectfully to submit that ~~the~~ for the present the Director should be informed ~~of~~ the that their letter of 11th april 1905 has been carefully considered ~~of~~ Govt and that Govt are satisfied that Everybody is actuated ~~of~~ the best of motives, though the working results have not been as satisfactory as might have been expected, it is hoped that with greater attention & economical working better results will be obtained in the immediate future.

(6) Then ~~the~~ it might be mentioned that Rs 20,000 will be advanced under the conditions stated & explanation asked for regarding the treatment of Mr Sethna's requisitions

10-5-05

Submitted to the Diwan Saheb

Serial No.

6475
11.5.05

With a draft order drawn up according to his minute

10/5/1905

I enclose draft reply as issued above - I am sorry for the delay - but there is no help - As Mr Bose has not replied I know my views have been acted in accordance with their wishes and when I shall be relieved of their duties I am sorry he cannot continue to supervise the Mill - I shall be glad to know what arrangements he suggests and whether the Officer in charge the Hazra Mills may be placed in medical charge under the Comptroller's general supervision and guidance - I shall defer further action till I hear more from Mr Bose

Shewn to this Board
21-5-1905

Thanks.
W.S.B.
27.5.05

Mr Sellar also wants to resign I cannot compel him to remain a Director after

NOTE.—Contn. sheet.

Serial No.

will especially as he says he is suffering pecuniarily in his professional dealings with some of the Brokers in Bombay. His name can be given me confidentially & would be kept secretly secret by this Govt. The negotiation will have therefore to be accepted. Enquiries will therefore be made in my name from Mr. Dyalchand Virachand & Co. Bombay as to whether he can act as a Mysore Govt. agent on the management

mentioned

31.5.1905

30.V.05

6836

Order No Fb 8188-91 of the 7th remarking on the working of the & appointing Mr. Osmanbhai as broker agent to the Chairman of the Directors will, for G.O. letter as Director & Mr. Osmanbhai

Await the comptroller's & the Dewan Saheb's query &

1-6-05

MGCPB—50,000-17-2-0

Confidential

Serial No.

From recent minutes recorded in the file about the management of the Cotton Mill, I understand it is the intention of Government that arrangements should be made for a closer examination of the transactions of the Mill and that the Government Director should take up, as far as possible, the internal management of the Mill and should revise the Establishment.

2. For the above purpose, the important transactions of the Mill maybe considered under the following heads

(1) Purchase of Cotton
(2) Purchase of Stores
(3) Purchase of fuel
(4) Salaries & Wages
(5) Sale of Yarn & cloth
(6) Stock of Yarn cloth & cotton
(7) Government Advances.

3. Purchase of Cotton The most important duty connected with this is to check the price charged for cotton of the kind used in the Mill, with the quoted market price. No market quotations are available here at present but through the

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courtesy of the Senior Director - Mr Chamb
of the Cotton and Woolen Mill, Bangalore,
I have had access to the records of that
Mill and I found that they got regular
reports from native brokers in the cotton
centres which are of great value
Similar arrangements may be made on
behalf of the Mysore Government for
confidential reports from reliable native
brokers, but personally I have not been
able to do much hardy for want of time
but chiefly on account of the fact that
I am an alien here and do not un-
derstand the language of the people.
4. Government have now appointed
a permanent broker for purchase of
cotton and sale of the produce of the
Mill. Purchase of cotton is made gene-
ally by forward contracts and it will be
convenient if a separate register is
kept in the Mill showing the following

MGCPB—10 000—19-5-04

General and Revenue Secretariat.

File No. /3/ of 1904

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details of Cotton purchase:-

1. Date of Contract
2. Name of Contractor
3. Kind of Cotton
4. Quantity in Candys and pounds
5. Rate per Candy of 500 lbs.
6. Total Price
7. Date of delivery according to Contract
8. Actual date of delivery
9. Date of actual payment
10. Amount paid

5. The rates recorded in this register will be checked from time to time with the market quotations and the demands for funds at any time maybe verified with reference to the price and the due date of delivery. Whether the quantity contracted for has been actually delivered can be checked directly in a manner that I shall advert to later on

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6. Purchase of Stores. Proper registers of stores are kept in the Mill and nearly all the purchases are made by the Bombay head office. The prices of different kinds of stores ought verified confidentially from time to time through the Government director in Bombay. Only an expert can say how the quantity of stores consumed at any time compares with the actual requirements and the comparison can be attempted by conversation with the European Manager.

7. Purchase of Fuel The quantity and price are all recorded in the Mill accounts. It is desirable to check the prices etc. with reference to local rates and the accounts of the Contractors. This work can only be done properly by a local officer who knows the language of the country. The officers should, if possible, attend the Mill every day.

8. Salaries & Wages. Under this head it is necessary to see that the men paid are fully employed, that their services are really required and that the

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amounts charged are actually paid. For this part of the work it is absolutely necessary that Government should nominate some of the Employes of the Mill who maybe trusted to give correct information as to how things are going on from day to day

9. Sale of Yarn cloth These sales are made also by forward Contracts and it will be convenient to keep a Separate register like that for Purchase of Cotton and to check the prices realised and the deposits of funds into the treasury with reference to the Entries in the register. It is a most important part of the work to see that the Yarn is sold as quickly as the Cotton is consumed and that that the purchases & Sales keep pace with Each other.

10. Stock of Yarn & Cotton Complete records of these are now Kept by the Mill agents. All that is necessary to see is that a large proportion of the Stock is not removed from Bangalore. The Mill has out agencies in various places. Some of these maybe closed if the brokers now appointed by Government gives Satisfaction by his work. But in case, I think that at no time should the

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Serial No.

allow the agents to remove stock out of Bangalore higher in value than that of the net liability of the Bombay Head Office and the out agencies. Should a doubt arise that the fact whether a certain quantity of cotton paid for has been actually delivered can be verified indirectly in some manner It is this The quantity of yarn produced in any time can be compared with the cotton used and if the former is about 16 to 20 per cent less than the latter then it might be assumed that there has been no irregularity.

11. Government Advances. The necessity for large advances at any time can be determined with reference to the due date of purchase of cotton or sale of yarn and cloth or of the salary payment and the amounts due on such dates The registers mentioned before will give all the necessary information

12. Having briefly described the nature of the duties to be performed, I would now state my views as to the best way of performing them in practice

13. It is essential that We should have a Government nominee on the Mill

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Serial No.

Establishment. The Mill has now a European Manager and this Manager may easily be made the Manager & Secretary. The present Secretary is the man whom Government wanted to remove as he was largely responsible for bringing about the failure of the Mill on the last occasion. This may be done and in his place We may put one of our men as Assistant Secretary. He may be given ~~Rs~~ 50 or ~~Rs~~ 60 a month instead of ~~Rs~~ 120 now paid to the Secretary. The man will generally supervise the work of the Establishment in the same way that the Secretary does it now and will carry on the ordinary correspondence. I selected for this purpose Mr Bhimsena Rao late ~~Accountant~~ Head Accountant in the Hazur Treasury but the Hazur Treasury officer prefers Mr Balkrishna Mudaliar now employed in the Hazur Treasury, and his opinion is entitled to greater weight. The Government will know later and the selection may lie between Mr Bhimsena Rao Mr Balkrishna Mudaliar and Peraiah/Malakondu the present Dy Accountant of the Hazur Treasury on 50 Rs.

14. Then, as regards the Govt Manager,

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Serial No.

the present Huzur Treasury officer is eminently fitted for the work. He has some spare time at his disposal. He is a district officer of experience occupies a high status as an executive officer, and above all, being a Mysore gentleman will be able easily to collect information about prices and arrangements which it is impossible for a foreigner like the Comptroller to obtain. Further, being the Treasury officer himself, he will be able to check the drawings of funds from the Treasury without any appearance of undue interference.

15 Although the Comptroller may be relieved of his specific duties as Govt. Director of the Mill, he should continue to review the monthly Cash accounts as at present, and should watch the progress of the Mill through the weekly statements of assets and liabilities. The Huzur Treasury officer should act in consultation with him and receive advice and instruction from him direct on all important questions connected with the management of the Mill. As financial adviser to Government,

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Comptroller will also be consulted as to by Government on all questions regarding ~~which~~ the financial aspect of any proposals regarding alterations in work arrangements.

16. As the salary charges on account of the Mill have considerably increased owing to the appointment of an European Manager on Rs 600 a month, I was lately considering the possibility of reducing certain appointments and I suggested to the Agent - Mr Simms - that we might abolish the post of the Weaving Master on Rs 200. Mr Simms agreed that that was practicable, but is rather slow in giving effect to the change. These things should be done as amicably as possible and hence I mentioned in a demi-official letter to the Dewan at Ooty that a little personal pressure from him will very easily accomplish many things that will look very hard in an official order.

17 I suggest that the Dewan may kindly send for the Agent and with his usual tactfulness persuade him to abolish the posts of the Secretary

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and the Weaving Master and to take one of our nominees as asst Secretary. This will be a very good beginning for taking up the internal management on behalf of Government and it is not an unreasonable request since in the case of Waghi's shops a clerk was allowed to remain in charge of the shops and Government being practically the malik of the Mill & Shops may very well ask one of its nominees being employed in the Mill. I beg that in selecting the nominee the most trust worthy and the cleverest may be found.

S. Narayana Rao.
5.6.05

Secretary.

In the file regarding the management of the Cotton Mill Sir Krishna Master wished to know my ideas as to the practical arrangement for managing the Mill on behalf of Government. You are aware that personally I am opposed to Government undertaking the internal management since it is my belief that such interference will not produce satisfactory results and

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Serial No.

it may ultimately exasperate the present Agent. I have however written the above note to meet the Dewan Sahib's wishes and I submit it for your favourable consideration

W. Bosanquet
6-6-05

subd. to secy
U
6-6-05
Submitted to the Dewan Sahib
PKW
6.6.1905

6.6.05

An insight into the internal management does not necessarily mean interference — With this explanation I agree to the views of the Comptroller — He can certainly get Mr Sopal Pai which him as his Agent in various ways mentioned above and I am sure Mr Sopal Pai will not only be of great help but would render it most intelligently & efficiently We may continue the appointment of an Asst Secy for some time till we gain more experience The Secretary is now gone on leave, &c.

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is a good efficient Manager and Mackay's connection has ceased. The Broker about whom I had a talk with Mr Simms will I hope be given scope for showing his usefulness - and with them improvements & prospects of good working we may wait to see the result. I may mention that one of the least important changes for the better is the nomination of Mr Deep Chund Veerchund C.E. as our Director in Bombay and under his able settlement guidance I hope the affairs of the Mill will prosper.

An order appg Mr Morgan to help the Comptroller in the manner above described may be issued Mackay to move Mr Bark and the draft order about Morgan perused by him 4.VII.85 Webb

Mr Lewis has one but I was not put in mind of the proposal to apply to Lewis

Mackay signature

To the Comptroller with draft

7.7.1885

MGCPB—50,000—17-2-0.

Serial No.

Seen and returned with thanks. I shall be obliged if a copy of my note of 5.6.05 is sent confidentially to Mr Gopalenger. I have not kept any copy of it but if one is sent to me shall let you see it.

Secretary

Mr Bacon
7.7.05

I see the draft comptroller's & send a copy of the note to the Comptroller
Q
7.7.1905
V
7.7.05

Typist

49. To the Comptroller, the Chairman of the Board of Directors, Veerchund Deepchund Esqr., C.I.E. J.P. Director on behalf of govt, & Mr B. Gopalenger, Assist Treasury Officer. H. 162-5 of the 7.7.05. Appoints Mr B. Gopalenger, as assistant to the Managing Director.

Submitted with a copy of the Comptroller's confl note for being sent to the Comptroller.

KS
10.1.05

Sent as Secy's order
10/7/05

MGCPB—50,000—17-2-05

Bombay Secretariat

1 Girgaon
Bombay 19th Nov
1904

My dear Sir,

In connection with the Maharaja's Mill. I beg to call the attention of Government to the necessity of supervising the purchase of Cotton

I have ~~found~~ some reason to believe, that the factors

failure of 1901 would
not have occurred but
for the want of Straight
forwardness in the pur-
chase of Cotton

In other mills as
the agent advances —
money his self interest
makes him careful
about every escpense
But in this case as
the Government provides
all

all money, that safe
guard is wanting
I dont mean to impute
dishonesty to the agents
But it will be safer
for Government and
good for the Agents
themselves, if some
arrangement is made
to associate some one
with the Agent in pur-
chasing cotton As
cotton

Cotton is mostly purchased at Davangere / This can be easily done by putting some Competent man of business as ~~as~~ Amildar of the Taluk and in stating on the Agent keeping that Amildar informed of the cotton purchases made It would be still better if the Agent is asked to furnish regular accounts

of

of cotton to that Amildar
so that he may now
and then verify the
accounts by local inquiry
as to the rate ruling
in the market at the
time and pass them
on to the Government
Director in Bangalore

Unless some control is
kept over this depart-
ment and a frequent
check is made of
the

the muster-roll of Mill-Hands employed. The precautions now taken by appointing Government Directors will be quite useless. I am keeping a strict watch over the expenditure here. But that is a drop in the ocean, as the greater portion of Government money will be spent there

there not here

I know that it will not be easy for Government to find an Amilciar who would not grudge going into such minute details. I know of one who perhaps, would suit Goverments purpose.

I have some more suggestions to make as

to

to make as to the way in which the rules are to be checked

I reserve them all for a further Communication.

In Conclusion I may say that I was prompted to write this because when I visited the mill last month I did not get satisfactory answer to my questions on this subject- Just

al-

at present cotton prices
are low and if honestly
worked, the mill must
yield profit. Timely
vigilance on behalf
of Government alone
can ensure that result

Arrangements
also should be made
for the Government
Director at Bangalore
going to the mill

Mary

say once a week and
check now and the
the accounts with
the materials on
the premises.

I have the
honor to be
my dear
Your Excellency's
Obt Servt
A A Lefevre

Secretary of the Navy
Asked for orders

Mr Coon spoke to me about
this when here & I asked
him to put on paper what
he wished to say. I say
the Comptroller & another
Officer of Govt who is at land
and the Auditor of Darwin
- Cité be asked to give
the evidence undertaken
herein?

21/11/04

Please consult the Comptr
and suggest what action
you and he propose to
take. Mr Chambers also
represented that the Agent of
~~26-11-04~~. this mill was raising

wages accordingly with the effect that much of his own labor has been thrown out to the Nicaraguas Hall Knox ask Mr Eagles to look into this matter also.

26. 11 04 WHH

Confidential

Note

Cotton is purchased by these Mills in several localities. A statement of the purchases made by Supt. Retd Short last, obtained from the Agents is enclosed. I find on comparing the prices paid for Cotton with those paid by Binny's Mills the former has paid somewhat higher rates than the latter. As regards the suggestion of asking the Auditor of Davenport to look after the Cotton purchases there, I do not think this will commend itself to Govt as it will interfere with the Auditors legitimate duties. An Agent appointed selected to supply the Mills with Cotton at Bangalore and paid for at the market rates as is done by the Mysore Mills. As regards the labour of Binny's Mills being drawn to the M.S & M. Mills there seems to be no doubt about it as on the day we visited the Mills Venkatavaradamiah & Co

Some 50 or 60 boys were seen working at the machines who seemed perfectly at the business but how or when this I do not know. The wages paid for the work people should be similar at both the mills which is a matter to be arranged by the Agents concerned

I am of opinion that the interests of Govt in the M. S & M. Mills should be carefully watched so as to see that the conditions of the Agreement between Govt & the said mills are strictly fulfilled and I would suggest that the appointment of the Cashier of the mills be a man selected by Govt & paid by the Co

By Eagles

15. 12. 04

1 Submitted to the Dewan Saheb

2 Mr Secroor said that he did not draw away Labor from the other mills Because the persons that were working at the mill

seemed to know their work, Mr. Eagles supposes that they are those that were working in the other mill. It may be that they are the persons that were working in this mill when it was in operation

3. The best way of keeping a check on the mills is to cause a broker to be appointed & to insist on all purchases & sales being made thro' him the broker may be a person suggested by us, so that he may let us know the amounts spent & earned I would name Sherkeen Son who has a shop in Doddapeta of Bangalore he is ready to deposit security P. Venkatarama Iyer

16-12-1904

I am not sure that the Board's
intervention is the best remedy
It is not a bad idea to have a
cashier nominated by Govt
Discuss this question with the
new Comptroller & let me have
your fourth news. Have no
objection to the matter being talked
over with Mr Groom or Annapa

2.1.03

The letter of Mr. James Scott &c:
recommending a person for the managership
of this mill received with the Dewan Sahib's
Order thereon
~~[illegible]~~ is attached to this P.P.

A meeting of the Comptroller,
Mr Groom (the Senior) & myself
has been arranged for the 4th Jany 03

P.P.

The Comptroller's opinion is attached

05

JAMES SCOTT & CO.,

Engineers and Contractors.

ESTIMATES SUPPLIED FOR MINING PLANT, ENGINES, BOILERS, WINDING GEAR, CRUSHING MACHINERY AND ALL OTHER REQUISITES FOR GOLD MINING PURPOSES. RAILWAY AND ROLLING STOCK PLANT, GIRDERS AND BRIDGE WORK, CAST IRON PIPES, &c., &c.

COTTON AND OTHER MILL MACHINERY.

FLOUR, ICE AND SUGAR PLANTS COMPLETE.

BUILT AND EQUIPPED COTTON MILLS AND OTHER WORKS THROUGHOUT INDIA AMOUNTING TO OVER £3,000,000 STERLING.

3

51, APOLLO STREET,

BOMBAY.

17th Decr. 1904.

Dear Sir Krishna Murti,

As requested by you when I called to post you up from time to time re the cotton Mill I have heard from the Board here that the European manager they engaged is not giving satisfaction and that he is being discharged. On hearing this I at once set about to find a first-class manager and I have found one. He is presently the general manager for 8 mills in Bombay but his wife's health suffers in Bombay and I have advised him to accept Rs. 550 per month or Rs. 600 with a commission of 2 per cent on profits. He is presently receiving Rs. 900 per month. He is a man of great experience having been 27 years cotton spinning. Prior to that he was an engineer. He can save an engineer's salary and as he says save nearly his salary in fuel alone.

Cotton spinning now was never better. Cotton has fallen almost 100 per cent and all the mills are doing well and making lots of money. I may point out to you that the success of any mill depends upon a skilled manager His salary is nothing as a month's salary can be lost in five minutes in cotton spinning. Therefore please don't consider that anything now is the time to have a good man and not a moment should be lost in securing him. Please wire Board here to fix him otherwise

otherwise the chance will be lost.

One of the Mills we built in Agra is making clear profit of Rs. 1/2/- per bundle or Rs. 2500 per day clear profit.

Therefore if ever this mill had a chance now is the time and it is considered that after plague and famine, cotton spinning will be good for the next 4 or 5 years at least.

With the best of good wishes for a bright 1905,

Yours faithfully,

L Hewitt

To

Sir P.N. Krishna Murti,
B.L.R.C.I.E.
Dewan to H.H. The Maharaja
of Mysore,
B A N G A L O R E .

otherwise the chance will be lost.

One of the Mills we built in Agra is making clear profit of Rs. 1/2/- per bundle or Rs. 2500 per day clear profit.

Therefore if ever this mill had a chance now is the time and it is considered that after plague and famine, cotton spinning will be good for the next 4 or 5 years at least.

With the best of good wishes for a bright 1905,

Yours faithfully,

To

Sir P.N. Krishna Murti

B.L.R.C.I.E.

Dewan to H.H. The Maharaja

of Mysore,

B A N G A L O R E

Secretary, 7

With reference to Rewan Bakshi's note of 2.1.05 asking for my views on the proposals for checking the price of cotton purchased for the Spinning & Manufacturing Company. I venture to submit that the appointment of a Govt Cashier will not be of much use because the duty of the cashier will be simply to record the receipts and payments and generally if higher price is paid it is paid by a mutual trust between the buyer & the seller that the former should get a commission; so that it will not be possible for the Cashier in Bangalore to know under what arrangements the prices are being paid.

I do not think much of the proposal for engaging an independent broker. It will be too much interference with the management and as the shareholders have rather important stake in the business, I think they can be trusted to look after the most Economical and effective way of controlling the concern.

I may explain that from the nature of the case there must be a difference

between prices hand & different Mills.
In fact lower price for raw material cheap
labour and full working Enable
to show better results over others and to
achieve these results what is really
wanted is an Expert ~~managing Dir~~
Manager. The Cotton Spinning Industry
as been under a cloud for the last
three or four years and during that
heriod only the best managing agents
have kept their Concerns in a Tolerably
Satisfactory condition. I do not know
much about Bombay where most of
the Cotton Mills work but I know that
in Calcutta Messers Andrew Yule & Co
have Saved the Goosery Cotton Mills
which was well nigh on the verge of
bankruptcy while another firm for
want of skilful management had brought
a very flourishing Concern to the brink
of total ruin

I confess that His Highness's first
as really undertaken a very bad business
in agreeing to finance a Cotton ~~Mill~~ &
Mill but the thing has been done and
We must make the best of the present
Situation, and ~~this~~ what We should do
is to try our best to secure to the

mill an able and experienced manager and to give him sufficient inducement to work the mill at profit. We should not attempt any detailed check of the working of the Mill ourselves but should look to the Expert manager after the best available man is secured.

Under the terms of the Agreement Govt is not empowered to interfere in the details of the management but the Dewan Bahadur can probably exercise his influence in bringing about a better state of affairs and if he is ~~inclined~~ disinclined to move in the matter I would respectfully suggest that action be taken on the lines ~~taken~~ suggested by Mr Scott. I entirely agree with Mr Scott as to the present position of the Cotton Spinning Industry and the Company will be well advised in immediately coming to a decision as regards the appointment of a good manager. I understand the shareholders are not willing to pay so much as Rs 600 a month for their small concern but as pointed out by Mr Scott a difference of Rs 200 or so

is really nothing compared with the income
& is likely to be lessened by the appointment
of a really good man.

I therefore respectfully suggest that
early arrangements be made in d.o.
communication with the ~~Agent~~ Directors
at Bombay to secure a man of the
type mentioned by Mr Scott.

Yrs Bruce

4.1.05

Submitted to the Dewan Saheb.

Mr Seroor thinks that a manager
is necessary, that the person now recommended
by Messrs James Scott & Co is too costly
for this small mill, that if he should
be appointed the sanction of the directors
(4 of whom are in Bombay & I have & the
comptroller) is necessary, & that he is looking
out for a suitable person.

Seroor & Co are now the agents & also the brokers or
purchasers of cotton &c. The rates given
by them have the acceptance in the
absence of a separate broker — If a broker
be appointed ~~for~~ for purchases &
sales we will be in a position to know
the rates. All that we can now do
is to visit the mills now & again & see that
there is sufficient stock to cover our advances.

5.1.1905

5

Head Office
BOMBAY.
N. SIRUR & Co.
~~N. Shivratri & Co.~~
AGENTS.

The Mysore Spinning & Manufacturing Company, Limited.

Hubli, ... 189

Statement of Cotton bought from Septr 1904 - todate -

	Particulars	Bales & Doras	lbs.	Rate per Candy of 500 lbs. Mill premises	Amount.			Remarks
1904								
Sept 24	Bought at Davangere	19 B/s	7,046					Invoice not yet
Octr 2	Do Kottor cotton	19 B/s	say at	Rs 137	1930	9	7	received & approx
" 3	Do Davangere "	6	1,105	Rs 137/-	302	12	3	mately valued.
" 3	Do Do B/s	51	15,445	@ 138/-	4,262	13	1	— Do —
Novr 2	Purchased at Hubli -							
	Coomta Cotton B/s	11	4,343	138.5	1,203	3	11	As per Invoice
10	Kairaly " B/s	9	3,521	138.171	972	15	9	" Remitted
"	Coomta M.G. & B/s 24 & Sawginned 14 B/s	38	14,121	146.66	4,144	14	3	" a/c Rs 5,000
17	Do " B/s	99	39,060	134.95	10,542	11	0	"
"	Hand Gin B/s	16	6,288	135.41	1,702	10	3	"
	Cotton bought local- ly weighed & partially paid :-							
13	Davangere cotton B/s	50	14,377	136	8,715	11	1	Invoice not send-
25	Do " B/s	63	17,666					-ed; Rs 3,900/- paid to a/c.
	Out of 123 Doras bought at Rs 136, 13 Doras to are be delivered yet							
	Carried over -	381	122,972		33,778	5	2	

Head Office
Bombay.
N. SIRUR & Co,
~~N. Chevaratnam & Co.~~
AGENTS.

The Mysore Spinning & Manufacturing Company, Limited.

Hubli, ... 189

Statement of Cotton contd.

		lbs.				
Brought over	381	1.22.972		33,778	5	2
Bought at Hubli & in transit:-						
Coompta Cotton	32	11,333	say @			Invoice not received
Kairaly	3	1.084	1357	3.352	9	5 "
Total	416	35389	X	37.130	14	7

C. & O. C.

Bangalore
29th Nov. 04

Subbaraopet

Brought over		~~lbs~~	X	37,130	14	7
Amount paid to a/c 5000 3900 Hubli. Local purchases				8.900	0	0
Balance a/c purchases.				28.230	14	7

Cron.

M. & Co

Head Office
BOMBAY.
N. SIRUR & Co.
AGENTS.

The Mysore Spinning & Manufacturing Company, Limited.

~~Hubli~~, ... 189

Statement of Yarn & Cloth produced and issued from 31st Octr 1904 to date.
(i.e. exclusive of 29th inst.)

	Particulars		~~lbs.~~
Yarn Spun	16s	~~lbs~~ 8,688	
— " —	18s	181	
— " —	19s	7.095	
— " —	20s	9.469	
— " —	22s	20	25,453
Yarn issued to Weaving-			9.006
Yarn sales - - - -			nil
Cloth produced			797
— Do — Sold			12 3/4

Bangalore
29th Novr. 04

C. & O. C.
Soobrecoyalu
Secretary

R. S. & Co

Report on Bagalkot Cotton from 1st October 1904

Date		A & Co's Limit Rs	Purchases @ Rs	Purchases by others @ Rs	Doings of others
1904 October	1	127/8	-	135/-	
	2				
	3	127/8	-	-	Sellers @ Rs 135/-
	4	125/-	-	135/-	
	5	125/-	-	135/-	
	6	125/-	-	-	Sellers @ Rs 133/-
	7	125/-	-	-	
	8				
	9				
	10	125/-		-	Sellers @ Rs 130/-
	11	125/-		130/-	
	12	125/-			Sellers @ Rs 130/-
	13	125/-			Sellers @ Rs 128/-
	14	125/-			Sellers @ Rs 130/-
	15	125/-			Buyers @ Rs 129/-
	16				
	17				
	18	125/-	128/-		
	19	125/-			Sellers @ Rs 128/-
	20	125/-			Sellers @ Rs 128/-
	21	125/-		130	~~Sellers @ Rs 130/-~~
	22	125/-			Sellers @ Rs 130/-
	23				
	24	125/-			Sellers @ Rs 128/-
	25	125/-			Sellers @ Rs 128/-
	26	125/-	125/-	128/-	
	27	120/-	-	-	
	28	120/-		127/-	
	29	120/-	-	-	Sellers @ Rs 127/-
	30				
	31	120	120/-		Sellers @ Rs 123/-

Date		Br Co's Limit @ £	Purchases @ £	Purchases by others @ £	Dorman of others
1904					
Nov	1	-	120/.		Sellers @ £120/.
	2	-	-		Sellers @ £ 120/.
200 orders	3	-	120		Sellers @ £ 120/.
	4	-	-		Sellers @ £120/.
	5	120/.	-		
	6	Nil			
	7	-	-		
	8	120/.	-		Sellers @ £ 120/.
	9	120/.	-		
	10				
	11	115/.	-		
	12	115/.	-		
	13	Nil	-		
	14	115/.			0 Buyers @ £ 120/.
	15	115/.	-		Buyers @ £ 120/.
	16	115/.	120		Buyers @ £ 120/.
	17	115/.	-		63 Buyers @ £ 12
	18	115/.	-		Sellers @ 125/.
	19	115/.	-		Sellers @ £125/.
	20	~~115/.~~	-		~~Sellers @ £ 125/.~~
	21	115/.			Sellers @ £ 125/.
	22	115/.			Sellers @ £ 125/.
	23	115/.			Buyers £ 125/.
	24	115/.			Buyers £ 120/.
	25				
	26				
	27				
	28				
	29				
	30				

GG File No. 131 of 1904

Serial No.

Memo

As directed by the Dewan Sahib I spoke to Mr Woodhouse Woodallier & Mr Lisson about the Empire Spinning & Manufacturing Co. — The former said that if he were made the agent he would try his best to improve the mills. The latter in a way said that there could be no objection to our naming a broker. From the enclosed list it will be seen that they are now paying brokerage from 8 & 14 as: per cent We may arrange for the lowest rate of Banians per cent & in the case of our man being appointed there will be guarantee of the accuracy of the figures here —

It strikes me that Mr Hamish Lee may do well as Manager, as he has experience of this work & may not require much —

18.3.1905

We will consider about the managing director question. But the idea of a broker is good. Kindly talk it over with Mr Wasan and let us know your opinion of Osman Khan as an experimental measure for a year. Have spoken to Osman Khan & referred him to you.

27.III.05 (Illegible)

NOTE—Contn. sheet.

MGCPB—20,000—1-11-04.

Serial No.

I understand the object of appointing a broker is to have all the purchases made through him. Thus, I fear, will be too much interference with the details of the business. My plan is to interfere as little as possible with the details of the business, but to check the important transactions so as to keep the management straight.

Thus, if I were to use the services of a broker, I would keep his name completely secret and will entrust him merely with the work of checking the prices actually paid by the agent.

I think the Bombay people are better able to check the prices than any body in Bangalore and if my note forwarded by the Secretary to Bombay is kindly taken it may be possible to devise some arrangement for having a regular monthly or other periodical check of the prices obtained from the agents.

The danger of appointing a broker to make all the purchases through him is that there may sometimes be constant friction between the broker & the agents or there may be a collusion

MGCPB—20,000—1-11-04.

Serial No.

between them. In the former case we may be accused of sacrificing the interest of economical management and in the latter we shall be quite helpless. I should therefore leave ourselves a free hand and check the operations of the Mill in the least objectionable way.

I venture therefore to suggest that this case might be held over till the reply of the Bombay Directors is received and till we take up the question of further advances to the agents.

W. Barns
30.3.05.

Secretary.

Submitted to the Devanshaheb, & as directed by the Devanshaheb Mr Settoor's opinion has been called for as per draft attached. 1.4.1905 BD

Mr Settoor reply is herewith submitted
17.4.1905

+Vide Compl. Covrs

5989/17.4.05.

N. SIRU & Co.
AGENTS.
BOMBAY.

The Mysore Spinning & Manufacturing Company, Limited.

Bangalore, 16th March 1905.

Dear Sir

As desired by you, I send herewith a statement showing brokerages to be paid & received by the Company on the various articles they deal in.

I am going today to Salem Erode &c on business and shall be back by Tuesday next when I hope the Dewan Saheb will also be here. I hope I shall be able to see His Excellency as desired by him on Tuesday or Wednesday next.

I am yours truly
Dattatraya N. Sirur

HEAD OFFICE
BOMBAY.
N. SIRUR & Co.,
AGENTS.

The Mysore Spinning & Manufacturing Company, Limited.

Bangalore, ... 191

Statement showing particulars of Brokerage discount etc, received & allowed on cotton, stores, yarn & cloth

Places.	Discount & Brokerage etc allowed to the boy.	Discount & Brokerage paid by the boy.
	Cotton.	
Bombay.	5 1/2 o/o discount. 1/2 o/o Brokerage. 8 ans namoona charges per bale.	1/2 o/o Brokerage. 8 ans namoona charges
Bangalore.	Nil.	Nil.
Ranebennur	Nil.	12 ans per nug of 336 lbs
Davanagere	Nil.	8 ans per nug of 318 lbs
Hubli	Nil.	8 ans per nug of 336 lbs
Do.	Nil.	12 ans per nug of 1344 lbs of cuppas.
Erode.	Nil.	8 ans per bale of about 270 lbs.
	Stores & Oils	
Bombay.	3 o/o to 15 o/o	Nil.
Bangalore.	Nil.	Nil.
	Yarn	
Bangalore & Mysore Province.	Nil	2 1/2 o/o discount.
Ranebennur	Nil.	5/8 o/o Brokerage.

J. OFFICE
BOMBAY.
N. SIRUR & Co.
AGENTS.

The Mysore Spinning & Manufacturing Company, Limited.

Bangalore, ... 190

Statement showing particulars of Brokerage discount etc received & allowed on cotton, stores, yarn & cloth

Places.	Discount & Brokerage etc allowed to the boy.	Discount & Brokerage paid by the boy.
	Yarn contd.	
Erode.	nil.	1 o/o commission.
Salem	nil	1 o/o commission.
Adoni	nil	1 f Re per bale.
Karur	nil	1 f Re. per bale.
	Cloth.	
Bangalor and Mysore Province.	nil.	2 1/2 o/o discount. 1/2 o/o Brokerage.
Ranebennur.	nil.	2 1/2 o/o discount.
Hubli	nil.	3 o/o discount.
Adoni	nil.	1 o/o commission

E. & O. E.

Bangalore 17 March 15.

Soobraopeli

7

Bangalore

12th April 1905

My dear Chokkanna

You may have ere this received a copy of my letter to the Chairman of the board of Directors of the Mysore Spinning & Manufacturing Compy. at Bangalore regarding certain doubts to be brought to notice by the Managing Director (i.e our Comptroller Mr. Basu &c.) To prevent all such things, it is proposed to appoint a broker in whom Govt. have confidence & ask the Agents to make all the purchases

& sales thro him &
allow him a small
commission (of say
8 as per cent) with
the view of checking
the Agents' accounts
with those of the brokers
The Dewan Sahib
has acceded me to
consult you about
this. The agreement
empowers the Govt
to make this arrange-
ment; but the Dewan
Sahib wishes to be
favoured with your
views in the light of
what is being done
in such matters in
the Bombay mills

Yours sincerely
Sd/ B V. Venkatramana
Iyengar
Secy

To
S. S. Setlour Esq. B.A. L.L.B
Directors of the Mysore
Spinning & Manufacturing Company

Confidential

8

High Court, Bombay.
April. 14. 1905.

My dear Mr. Chokkanna,

Your letter of the 1st April to hand.

For want of experience in these civil matters I labour under a disadvantage. So I thought it best to take the advice of my friend Mr D.E 'Vacha who is an authority on these matters and whose integrity is well-known. I sent him all the papers which you had sent-

me, including Mr Basu's note and herein I enclose, true copy of his answer

You will see from his letter that he is strongly of opinion that any broker you may engage is sure to collude and make matters worse.

I do not know how Government like his other proposal.

To Mr Basu's minute a reply has been sent. I was present at the meetings held to pass it but yet, I cannot vouch for the correctness of the figures, as the whole thing had already been prepared by my

difficulty

due to my inexperience in dealing with these matters is considerably increased by the systematic failure of the Agents to circulate a regular Agenda paper beforehand and circulating the papers connected with important or complicated matters to be brought before the meeting. As an example, I may mention what happened at the last meeting. The Agent in consultation with me fixed Saturday for the meeting. When

When agreeing to the days
I specially told him that he
should send me a list of
business and papers connected
with it On Wednesday or
Thursday I got the circulars
without more Then I asked
for Agenda and papers. He
sent me papers connected
with Wagh's matter but delib
berately omitted to mention
the reply to Mr Basus memo.
When I went to the meeting, the
first thing taken up was the
settling of the reply which was
lying

lying on the table ready typed
This happens every time al
though I have drawn the at
tention of the Agent several
times to the inconvenience to
which I am put. The result
of their action is that either I
should say yes to what is proposed
or block the business, which is a
serious thing to do

As from the other directors
I cannot get any support The
Chairman is a gentleman of
position for whom I have very
great respect But in this
matter

matters he has completely identified himself with the Agents and is put out at the slightest objection. The other Directors are there to earn their fees They are not interested either way. As they owe their position to the Agents they have to say ditto to what is put before them Without in the least importing any dishonesty to anyone the whole thing is so unsatisfactory that I shall be glad if you will allow me to resign Although I cannot prove

~~do~~ prove it I feel I am making myself a party to the swindling of my own country I should have sent my resignation some time back but for the Dewan Saheb. As he appointed me as a Supernumerary, I do not ~~both~~ wish to resign without his permission Kindly do speak to him and let me go.

I am
Yours Sincerely,
D D Oct 1917

To
S. Venkateswaradevangar Esqre.,
General Secretary

P.T.O

The Directors answer to Mr Basu gives figures to show that at least 1,60,000 is wanted as working capital. Mr Wacha thinks about as 75,000 is enough In order to get the benefit of the experience of the mill owner friends of mine in this matter, I asked the Agents to furnish me with detailed information on certain questions I sent to them All the information could be compiled from the reports they have got here The letter was sent on the 29th ult. I sent them reminders The answer

is yet to come. As I have already said, there may be nothing wrong after all. But their ways are certainly suspicious. If everything was straight why such conduct? In order that you may judge for yourself, I send ~~below~~ a copy of the letter, referred to above:

D. D. D.

Copy

High Court Bo bay

29.3.05

Sirs

I shall thaank yow to fur nish me information on the following points.

1: On what date did the Mill actually begin to work?

2. From that times how many spindles have been at work? (It will be enough if yow will give me the total Number for each month)

3 Are our spindles mule' or or ring'? If yow have both, yow

You must please point out in giving an answer to my 2nd question, how many of each were at work for each month.

4. What was the amount of cotton consumed by the spindles at work?

5. How many are out of work?

6. What is the amount of the waste of cotton in the yarn department?

7. How much yarn was produced in

in each month and how much of it is sold and how much is in stock?

8. Was there a profit or loss on yarn (this is also required for each month)? If so how much?

9. How many hands were engaged for spinning in each month and what are the wages? Rates for men women and children must be given separately

10. What is the total amount spent on wages for each month?

11. If all the spindles begin to work how many hands are required?

12. What was the quantity of stores consumed in the working of the mill as a whole? and what in the different departments? (I want simply the main headings

13. You how many hours did the Engine work and how much fuel was used up in each month?

14. What is the rate at which the fuel was bought?

15 What is the monthly cost of office here and at Bangalore?

16 How much has been paid during these months by way of salaries to the officials in both places? (This statement should show the name of the office and the amount paid to each in each month)

17. How much cotton was bought up to the end of Feb in all and how much of it

was

used up and how much remains

N·B All this information is wanted for the period ending with 28th of Feb last.

It is requested that these figures will be furnished to me in a day or two, as I believe they can all be obtained from the records in this office. They are wanted urgently

Yours—

(Sd) S S Sethna

P.S Kindly obtain information from

from Bangalore if you have not got it here whether any contracts for the forward sale of yarn have been entered into by us If so up to what month? and for how much and at what rate ? This information may be sent to me later on.

Messrs Spence & Co

Bombay 14, April 05.

My dear Mr Settlur

I have your letter of the 11th inst with its enclosures.

As far as cotton purchases are concerned I doubt if the Bombay Direct-ate could verify the prices at which the staple was purchased from time to time since Oct. last. The descriptions purchased are seldom the descriptions which come to Bombay & if they do come they are known by the general appellation of "Umbh". If the State manager or Controller has doubts as to the prices at which the purchases were made the best method of discovering the facts is to ascertain from cotton dealers on the spot what the prices were on the several dates for the several kinds

bought. My suggestion is that it would be well if some person in the confidence of the state was quietly deputed ~~as~~ to ascertain this fact. None should know his mission — ~~the~~ neither the persons who purchase the cotton for the mill (that is the Agents) nor the dealers from whom it was purchased. There is always a collusion more or less between them & therefore they get the scent of the enquiry they are most likely to frustrate the object. Hence the enquiry should be conducted with caution and circumspection. It should be made of dealers who are not generally patronised by the Agents. It is only when two of a trade are at loggerheads that we find out the truth. There may be some exaggeration even then but still you do get an inkling of the real situation. Remember please that all over India cotton dealers are

as a rule hardly men of probity So that it is no easy matter to test the accuracy of the prices Their trade is to tell lies In this respect they are no better than the cotton dealers of America and the west. Everywhere trade is utterly demoralised and the code of commercial ethics is low.

For future my suggestion is that the Agents should furnish daily a memo of their purchases or immediately that a purchase is made And the state to have 3 or 4 detectives of confidence at the centres whence cotton is most purchased to watch the market and report daily transactions generally. This report would be a good tell tale and the state can verify the purchases made by the

Agents But I repeat this must be done secretely so as to give no scent to the Agents and their protegés. I calculate that for buying cotton at present rates say Rs 126/ per candy of 500 lbs you will not require for 14000 Spindles fully at work more than 7000 lbs roughly 14000 Spindles, if ring, should give an average of 20 = 7 oz per Spindle. And if we take the entire wastage, from blowing room to Spinning and reeling at 18% the quantity needed would be just what I have stated 7000 lbs = 14 candies per day of 500 lbs = 14 × 125 = 1750 Rs per day = 45500 per month of 26 days

A careful agent should see to his finances first. The finance in a company not flush with capital, should be carefully husbanded The best way is to sell ahead from

month to month and hedge in cotton
The sale should be to substantial
parties who would pay monies cash
down on delivery. In this way there
will be a circulation of capital
Buy cotton with one hand and rea-
lise yarn at once with another
In this way monies will go only
one way and return another
If this principle is not rigidly
adhered to and if stocks accu
mulated it is obvious that while
you get no realizations you will
be bound to buy your ~~co~~ cotton
unless you choose to stop the mill
which will be most suicidal to
all interests Thus financial
embarrassments should be avoided
And the only way is by careful
financing and realizing yarn
Never Keep Stock on hand — sell
ahead and hedge in cotton This
is the sovereign rule As a margin

you may keep a capital of ~~20000~~ 20000 Rs beyond the 45000 needed for a month's purchase: A really shrewd agent who knows how to manage might think only 22000 Rs necessary — that is for a fortnight. And every fortnight he can make a fresh purchase with the realizations of yarn of the previous fortnight. But I suppose it is not easy to get agents who are talented in managing wisely and well the finances of a mill.

As to the employment of a Cotton broker, it is worse than useless and the money will be wasted unless you can get a <u>really confidential</u> and <u>honest</u> broker (a rarity who will not collude with the Agents). My experience is most unfavourable to the system of brokers in Vogue in Bombay. They are mostly men of no scruples and no principles. They are an unreliable

bot not the detective system I have suggested will obviate the necessity for the employment of a cotton broker

Let me briefly answer ~~briefly answer~~ some of your queries

A ring mill will give 7oz per spindle of 20 per day A mule mill will give 5½ to 6 oz per spindle of 20 per day

2 The percentage of ~~be~~ reasonable wastage may be taken at 18¼ as a maximum

3. Ginned Coompta ought not to waste more than 16 to 18% Unginned may waste from 20 to 25%

4 Bbay mills store cotton in proportion to yarn sold The good mills easy in finance store theirs by end of May to last till Dec Others not so circumstanced

buy from hand to mouth and store little at the most for 2 or 3 months

5. I think a working capital of Rs 75000 is necessary for a mill of yours. Of course a smaller capital would be needed if only 7000 instead of 14000 spindles are at work

Yarn prices since Dec last have been most favourable. Cotton meanwhile was steadily declining. The Agents might have done well by selling ahead for at least 6 months, say till 30th June and bought their cotton meanwhile. I do not see why your Agents should not receive short deposits at 5 or 6%, say for 3 or 4 months. In this way they can certainly manage to find capital for cotton and obviate the necessity of making a demand on the State.

Reasoning up all the statistical ~~letters~~ tables etc and the letters I am of opinion that the Agents are not quite up to the work of managing the mill in a most economic way. They lack financial ability and commercial foresight.

Yours —

(Sd) D E Wacha

Bombay
April 16, 1905

9

My dear Mr. Venkataramaiya

I got the telegram now. I do not mean to reply to it because I sent to you a letter yesterday which gives you some information and also an explanation for delay in answering your letters.

I sent the agents a reminder again yesterday. But yet there no sign of their giving me the requisite information. After getting it if at all they give I shall seek the opinion of some more expert here and send.

My vacation begins next

Thursday Therefore, I am starting for Bangalore Wednesday night If I do not get the agents' answer before then I shall not be able to do anything in the matter till you direct The responsibility for delay will, however, be not mine

With best regards,

Yours truly,

S. S. Setlur

B K. Venkataramaniengar, Esq.

In addition to the above Salabi in continuation the previous papers are submitted

20/4/1905

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.

The Bombay Mill Industry.

A RECORD YEAR.

BOMBAY, 20*th April*.—A markedly optimistic tone prevailed at the Annual Meeting of the Bombay Millowners' Association to-day. In his address, the Chairman, Mr. Sassoon J. David, said :—Looking back at the history of our industry ever since its inception in this country, we shall not be able to point to a single year with such a good record as the present year promises to show, as it is expected to turn out a year of unprecedented prosperity, not only for the textile industry of this country but for the sister industry of Lancashire and for our Japanese rivals as well. Our industry is passing through a period of recuperation and of profit-making, and we must congratulate ourselves on the fact that all the mills in Bombay are working full time now, and that there is not a single spindle idle at present. The outlook for 1905 is, therefore, cheerful, and from the profit-earning point of view it may be depended upon to turn out a more successful year than any that we have hitherto experienced. Nearly all our mills have been able to dispose of their production ahead, almost into the end of the year, at a good margin of profit. Madras Mail 29/4/05

The above Extract from the Madras Mail of the 20th April 1905 is submitted to the Devanahalli with reference to the Spinning & Manufacturing Coy. at Bangalore having a large stock on hand on the allegation that there was no proper demand for it & asking for money for working Expenses.

N. B. Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G. R. S. 13 2-2-4-1905.

12

Bombay 21st. April 1905.

Your Excellency,

From a telegram just received from Bangalore I learn that Your Excellency had sent for me. Owing however to my absence in Bombay, I am sorry that I could not do myself the honour of seeing you personally. I presume that it was in connection with Mr. Basu's note and the Directors' reply thereto that Your Excellency wanted me. I take the liberty to enclose copies of the two communications in question for Your Excellency's consideration. Mr. Basu's allegations are utterly unfounded, as will appear evident from a perusal of the Directors' reply. Our conduct has been throughout above board, and can stand the strictest enquiry. We have all along been actuated by motives of doing our best for the Company, consistent with safety to Government interests. We want fair play, which, I am confident, will be dealt out to us by Your Excellency after a careful consideration of the case.

As regards the necessity for further funds, the Directors have already expressed their opinion. It is impossible to work the concern advantageously without the necessary finance. A further credit of, at least, Rs.50,000/- for the present, is immediately required, if the Mill is to be kept on steadily working and is to take advantage of the

present

present favourable conditions of the trade; and I hope that Government will be pleased to sanction this amount at an early date.

I shall take the earliest opportunity to wait upon Your Excellency on my return to Bangalore, which I hope to do early next week. With kind regards

I am, yours sincerely,

Dattatraya N. Sirur

Bangalore,

Dated 25th. March 1905.

Dear Sir,

I enclose for your information a note by our Comptroller, who is also the Government Director and Manager of the Mysore Spinning and Manufacturing Mill at Bangalore in which he brings to notice certain points connected with the working of the Mill.

I shall be obliged if you will advise on the various points brought to notice by Mr. Basu,. Mr. Basu has stated his doubts in the note. He will be much obliged if you give him all the informatio he wants and also indicate to him the lines on which he should discuss the necessity for further funds and similar questions.

I have asked Mr. Basu to refer to you direct in future poin on which he may require information and I shall be obliged if you will very kindly promptly respond to all calls from him for informati or advice.

Yours faithfully,

(Signed)

Secretary.

To

The Chairman of the Board of Directors of the Mysore Spinning & Manufacturing Company Ltd. at Bangalore.

Working of the Mysore Spinning & Manufacturing Company Ltd. up to 28th. February 1905.

Recently I had reports from Calcutta and other places that there was a very large margin between cotton and yarn prices and all the cotton Mills had been making large profits. I therefore decided to examine the prices paid for cotton purchases by the Mysore Mill.

2. The accompanying statements obtained from the agents give the dates of purchases, the place of purchase, the kind of cotton and the price paid on each date for each candy of 500 lbs. for delivery at th Mill.

3. The first point we have to consider is, how the prices paid compare with the market prices on the dates concerned. This point best be decided by the Bombay Directors and I suggest thatthe statement may be sent to them for favour of perusal and for their opinion.

4. The second point in connection with this statement that strikes is that the purchases have been made largely when the price was very high. Cotton prices went down very low in January and February but according to the statement given the largest purchases have been made in November thus :-

October - - - - - -	Rs.	6,195.13.10.
November - - - - -	"	31,172. 2. 1
December - - - - -	"	19,477.15. 6.
January - - - - -	"	19,236. 1. 1.

5. The debits to cotton accounts including remittances to Sub-Agencie and freight according to the cash accounts were as follows :-

October Rs. 32. 0. 0

October	Rs.	32. 0. 0.
November	"	16,228. 9. 3.
December	"	29,627.15. 9.
January	"	34,713. 2. 2.
	Rs.	80,601.11. 2.

6. By comparing these cash statements with the actual purchases it will be clear that cash has been drawn largely when the price was very low whereas the charges have been made at rates much higher than the ruling prices. This is all the more remarkable because the arrangement for obtaining funds was concluded with Government on the 23rd. November and according to the statements most of the heavy purchases must have been completed before that date.

7. I have thought it necessary to bring the above aspect of the case specially to notice because I have been told that (1)

(1) cotton formerly purchased for the Hubli Mill at higher prices has been passed on to Bangalore; and

(2) that the funds obtained from Government have been used largely for purchasing cotton for the Hubli Mill at cheap rates.

8. It is not possible for me to verify the correctness of the above statements or insinuations but the Bombay Directors really understand these matters much better than I do and they may be asked confidentially for their opinion whether there is any reason to suspect the bona fides of the undertaking. On one point there can be no doubt and that is that purchases are made out of Government money on account of the Hubli Mill. In the cash accounts submitted to the Comptroller,

Mysore

Mysore, the following amounts have been charged as payments for purchases on account of the Hubli Mill:-

December 23 (Bombay)	----	Rs. 5,000/-
January 10	----------	" 2,500/-
January 23	----------	" 2,501. 4. 0.
		Rs. 10,001.4. 0.

9. Reports have been received that in February the Agent sold some cotton purchased at a lower price and made a profit of Rs.700/-. This profit has not yet been credited in the cash accounts and it is stated that it will be credited when the cheque is received.

10. On the whole, therefore, it is necessary, to ascertain in consultation with the Chairman of the Board whether the transactions are being conducted solely in the interest of the Bangalore Mill.

11. I submit herewith a statement of assets and Liabilities for 28th. February 1905, in which two points require special consideration.

Firstly, the value of cloth and yarn stock on the date exceeds Rs.63,000/-

Secondly, a sum of Rs.10,232.11. 5. is shown as liabilit incurred by the Head Office at Bombay.

12. The Government of Mysore is required to find the necessary capita for working the Mill and we have already supplied over a lakh including preliminary expenses. The question is, should the Agents be allowed to keep so much yarn and cloth in stock and to force Govern*ment to advance more* funds. So far as the Agents are concerned, they get the money free from Government and they say that they will sell when price of yarn goes up. But it is a pure speculation and no

body

no body knows whether prices will go down or up in the early futu
I should say that as far as Government is concerned the one lakh
already advanced should be enough and the Agents should work with
narrower limits and should sell yarn and cloth at market rates wo
speculating about higher prices in the future. The Agents have
already asked for a further advance of Rs.25,000/- and I have info
ally told them that I am not satisfied that any more funds can be
advanced with safety to Government interests but I shall be obliged
Government before finally deciding obtain the advice of the Bombay
experts as to what exactly is considered as a reasonable working
capital for a small Mill like that of Bangalore which has not eve
been put into full working order. In fact only a little more th
half the entire Mill is worked and remembering the fact that it t
only 5 days to convert cotton into yarn and the Mill cannot opera
upon more than perhaps 20 or 25 thousands worth of cotton in a mo
at the present rate of working, the question of further advance
should be very carefully scrutinized. If further advances are
really considered necessary I should like to know the maximum lim
of the advances.

13. The last point I have to notice is as regards the large liab
of the Head Office at Bombay on 28th. February. Is there any
occasion for incurring such a liability when Government has advan
for working capital a sufficient amount to admit of fairly accumu
tion of stock ?

Sd/- N. G. Basu.

" Copy "

THE MYSORE SPINNING & MANUFACTURING COY.LD.

Bombay, 11th. April 1905.

The Secretary,

to the Government of His Highness the Maharaja of Mysore,

Revenue & General Departments,

BANGALORE.

Sir,

The Board have the honour to acknowledge the receipt of your letter dated 25th. March 1905, giving cover to a note by the Comptroller on the working of the Mill up to 28th. February 1905, and the accompanying statements. They welcome the note as indicative of the great interest Mr. Basu is evincing in the proper working of the Mill, and they, therefore, feel obliged.

They regret, however, that Mr. Basu has thought fit to suggest a certain amount of distrust in the management, which, in their opinion, is not warranted by facts and figures. At two special meetings of the Board held on the 8th & 10th. inst they have very carefully and fully enquired into the various allegations and insinuations contained in Mr. Basu's note, and have come to the conclusion that they are unjustifiable.

At the outset of his note, Mr. Basu observes that reports from Calcutta about a very large margin between Cotton and Yarn prices led him on an enquiry into the working of this Mill. Though the fact that Mills in other parts of India making large profits

profits may lead one to expect a Mill at Bangalore also to make profit, it is worth considering whether the present circumstances obtaining at Bangalore with respect to this Mill, are same as at other places. In the opinion of the Directors a comparison of the Company's mill, at the present stage of its operations, with those at Calcutta or Bombay would not be a fair one. Mr. Basu cannot be unaware of the difficulties that this Mill has to contend with. It has been only recently restarted after a prolonged cessation of work. It has yet to find sufficient labour, it has still to re-introduce its outturn in the market, and it has to organise almost everything anew. Evidently, Mr. Basu has made general allegations. It would have been more to the point, if he had given to Government an idea as to the actual results of the operations of the Mill based on facts and figures, during the short period that it has been working, and stated what he considered to be the results that could have been expected under the circumstances. From the Profit and Loss Sratements, which the Directors have gone through, it appears that there was a gross profit of Rs.2,370.2.6. for the two months, November and December, and of Rs.1,901.4.3. for the month of January 1905. These results they consider a very satisfactory beginning, and if only the working continues to show a progressive result, as it has been hitherto doing, there is no reason why this Mill also should not share in the general prosperity. Even as it is, a comparison of the Profit and Loss statement for November and December with that for January will show

that the

that the Mill has taken advantage of the favourable circumstances of the cotton trade, which began to show themselves only from the latter part of December.

The first point raised by Mr. Basu for our consideration is as to how the prices paid for cotton compare with the market prices on the days on which the purchases were effected. From the statements referred to by Mr. Basu, the Directors find that between 19th. October and 27th. February, the total cotton invoiced and delivered to the Mill was 3,49,302½ lbs. of the net value of Rs.88,195.10.5. The quality of cotton was mostly Coompta and sawginned. The average per lb. works out to 0-4-0⅓ a.p. This price, including as it does the freight to Bangalore and delivery charges, does not compare unfavourably with the prices paid for similar qualities of cotton bought by the S. M. Coy. for their Mill as ascertained from information obtained from the Agents of the S. M. S.& W. Co. Ld. It should be noted that the pressing charges, freight and haulage work out to 3 pies per lb; when this is deducted from the price the comparison will be still more marked in favour of the Mysore Mill.

The average price of Coomptas at Bombay in November, the Directors have ascertained, was Rs.230-31 which works out to ./4/8.50 per lb. Till the 30th. November, the statements show a purchase of 1,35,373 lbs. of the net value of Rs.37,367.15.11 which works out to an average ./4/5 delivered in Bangalore as against the Bombay price ./4/8½ a clear gain of 3½ pies per lb. The price

paid

paid in the subsequent months show a fall in keeping with the fall in the market rates.

The next three points raised in Mr. Basu's note in paragraphs 4, 5, 6, & 7 may be summarised into the one main allegation, that the Agents have passed on, to the Company's Mill at Bangalore, Cotton which had been purchased by them previously for other parties at higher rates of prices than those ruling at the time it was required for use, and that Government money was utilised for purchases on account the Hubli Mill at cheaper rates, and this allegation he bases on the following grounds :- (1) That purchases have been made largely, when the price was rather high i.e. in the month of November. (2) That cash has been drawn largely when the price was very low, whereas the charges have been made at rates much higher than the ruling prices at the time of cash payments. (3) That the purchases of Cotton were commenced before the 23rd. November, the date on which the arrangement for obtaining funds with Government had been formally completed.

No, doubt, the first ground would have had some force if one was quite sure in November what the market was going to be in December and January. The pertinent point is whether cotton was required in November, and whether a proper price has been paid for it. As to prices, it has been already shown that the rates paid were, if anything, favourable to the Mysore Company. It may be pointed out that overhauling of the machinery, & c. had been taken in hand and the necessary supervising staff had been appointed so far back as 20th.

July 1904, and that the Mill was ready to resume its regular operations towards the end of October. It would surely have been unjustifiable to keep the Company's Mill idle any longer, only for want of cotton, especially having regard to the fact that the supervising staff had been already appointed and their salaries and other necessary charges were running, and also having regard to the fact that the yarn and cloth markets were favourable. The Mill, therefore, when started work on 31st. October 1904, did not commence work a day sooner, and that the cotton purchases made in November were quite justifiable.

Next, as to the quantity of cotton, Mr. Basu thinks that 1,35,373 lbs. cotton, of the net value Rs.37,367.15.11. purchased till the 30th. November was very large. That this quantity was reasonable may be shown beyond doubt from the fact that taking the averagecapacity of the Mill at 5,000 lbs. of yarn a day with a loss of 20 % in cotton, the daily consumption of cotton comes to 6,250 lbs. On this calculation the quantity of cotton required to fill up the machines in the Mill would be 6,250 X 5 = 31,250 lbs. i.e. a quantity equal to 5 days consumption. The cotton required to be passed through the machines for a month of 26 working days would be at this rate, 163,500 lbs., leaving alone the quantity of cotton to be kept in mixing which should be an equally large one. This applies only to a Mill that spins. A much larger quantity of cotton would be required to be in process in a Spinning & Weaving Mill, especially where all the looms are to be filled up with new

beams.

beams. So, if all the looms and spindles had been at work in November, the quantity of cotton purchased in that month would have been very much short of the legitimate requirements, which would have approximated to 3,25,000 lbs. as against 1,35,373 lbs. actually purchased and delivered to the Mill. Of course, the Directors are aware that the Mill did not work to its full capacity in November nor is it so working now. This is due to scarcity of labour, and especially of trained hands - a difficulty, which the Agents could not have foreseen when they made the first purchases of cotton and for which they cannot be held responsible any more than for the price of cotton having receded in January 1905 after the heavy purchases had been made in the previous November. Apart from this the Company's Journal for November shows that cotton used in November was 84,922¾ lbs. inclusive of 23,102 lbs. remaining in the mixing, at the end of the month. From this it is clear that that the quantity of cotton purchased in November was not much in excess of that used during the month.

The second ground relates to payments from the Company's cash having been made largely in months subsequent to those in which the purchases had been effected. Mr. Basu's next statement that the financial arrangement with Government had not been completed before the 23rd. November provides an answer to this. The necessity of buying cotton in November is shown in the foregoing part of this letter and the absence of funds, led the Agents to use their own personal credit in the interest of the Company, in that they purchased cotton on account of the Company and allowed it to be

under

under lien of Government without the Company or Government having advanced sufficient funds to cover the price there-of. According to the statement itself, cotton purchased and delivered to the Mill till 30th. November was 135,373 lbs. valued at Rs.37,367.15.11. as against cash payments of Rs.16,260.9.3. as p/s dtd. 8.Basu's note, made by the Company therefor till that time. It is thus evident that the Company had in its possession and under lien to Government cotton worth Rs. 21, 107.6.8. in excess of the payments made, out of which Rs.17,500. was represented by 31 days drafts drawn in November on the Bombay office. It is rather curious and regrettable that a step taken by the Agents at personal risk and solely in the interest of the Company should have been interpreted in such a way as to be used against them. That cotton was actually purchased for this Company's Mill and for no one else will be evident from the fact that the original purchase invoices are all in the name of the Mysore Coy. with all the relative vouchers, and further from the fact that there are Railway Receipts of different consignments about the time the purchases were made which will satisfy Mr. Basu as to the bonafides of these transactions. The point is not when the actual cash was paid by the Company for the purchases, but whether the purchases were made or not for the Company and whether the cotton was delivered to the Mill on or about the dates of such purchases. If it could be shown, as it has been shown, that the purchases were made for the Bangalore Mill and the cotton was as a matter of fact delivered, the payments there-for at a subsequent date by the Company does not affect the question. The liability had been

incurred

incurred and it had to be met when the drafts matured. This explains the so called heavy payments made in the months of December and January when cotton was comparatively cheaper, for they were payments for cotton purchased and delivered in previous months as well and necessarily at rates at which the purchases were made and delivered.

Cotton a/c Debtor to Sundries, as per Company's Journal are as follows :-

Oct. & Nov.	Bangalore cash	Rs. 1,001.13. 3.		
	Subagencies	" 36,314. 9. 6.	Rs. 37,316. 6. 9.	
December.	Bangalore cash	" 727.15. 9.		
	Subagencies	" 18,744. 2. 6.	" 19,472. 2. 3.	
January.	Bangalore cash	" 4,582.10. 9.		
	Do. Genl. a/c.	" 4,201.14. 8.		
	Subagencies	" 6,316.15. 7.	" 15,001. 9. "	
		Total value	Rs. 71,790. 2. 0.	

Add Value of Cotton in transit or bought but lying at out-stations as per Assets & Liabilities Statement for week ending 26th. January 1905 :-

Paid during the month	Rs. 9,037. 3. 8.		
Remaining unpaid by the Coy. during the month.	" 6,681. 5. 9.	Rs. 15,718. 9. 5.	
Total value of Cotton purchased up to 31st.Jany.		Rs. 87,508.11. 5.	

The payments made according to the cash accounts and liabilities incurred on account of the above purchases are as follows :-

	Cash Payments.	Liabilities on a/c of drafts payable 31 d/d.
Oct. & Nov.	Rs.16,401.13. 3.	Rs.17,500. Drafts drawn by Hubli on various dates in November and payable 31 d/d. i.e. discharged in the subsequent month.
December. including payments on a/c of drafts drawn in the previous month.	" 29,627.15. 9.	Rs.10,000. Drafts drawn by Hubli on various dates in December and discharged in the subsequent month.
January. including payments on a/c of drafts drawn in the previous month, and the value of cotton in transit.	34,797. 8. 8	Nil
Total Rs.	60,827. 5. 8. up to the end of January.	

From the above it will be clear that the value of cotton purchased and delivered to the Mill to the end of January was Rs.71,790.2.0. which with that of lots already bought and in transit or about to be despatched makes a total of Rs. 67,508.11. 5. But the total payments made till that date were only Rs.60,827.5.8.

thus

thus leaving cotton worth Rs.6,681.5.9 in the possession of the Company. Such being the facts it is curious to find Mr. Basu making the rather bold statement in para 8 of his note viz." On one point there can be no doubt and that is that the purchases are made out of Government money on account of Hubli Mill." The Directors would like to know whether this statement is based on facts ~~which~~ which he or any body else can vouch for. Mr. Basu further observes - . the cash accounts submitted to the Comptroller Mysore, the following amounts have been charged as payments for purchases on account of the Hubli Mill :-

December 23	(Bombay)	Rs.5,000/-
January 10	----------	" 3,500/-
January 23	----------	" 2,501. 4. 0.
		Rs.10,001. 4. 0. "

We have examined the cash accounts of the Company and find these entries worded as follows :-

" By Bangalore General a/c.
Paid Vindujee Amarangjee
being the amount of 31 d/d.
drawn by M.A.Sirur against
cotton purchased for the
Mill, at Hubli " in one instance.

The Mill means the Mysore Spinning and Manufacturing Company's Mill, i.e.the Mill with which the books are concerned and the words at Hubli relate simply to the place of purchase and not to the situation of the Mill. Following Mr. Basu's method of drawing

inferences

inferences it would perhaps have been permissible for us to say that no such concern as " the Hubli Mill" exists. The Agents deny having ever purchased for or from the Southern Mahratta S. & W Coy's Mill at Hubli any cotton, and they affirm that they have nothing whatever to do with the cotton transactions of that Mill. The majority of the Directors including the Chairman are fully cognizant of this of their personal knowledge and they have further satisfied themselves from enquiries made of Messrs. Forbes Forbes Campbell & Co. Ld. , the Secretaries and Managers of the aforesaid Mill, that Messrs. N. Sirur & Co have no connection whatever with the Mill in the matter of cotton purchases.

In para 9 of his note Mr. Basu states that in February the Agent sold some cotton purchased at a lower price and made a profit of Rs.700/-and that it had been stated to him that it would be credited when the cheque was received. It is difficult to know what Mr. Basu's object could have been to refer to this matter. However, the Directors have inquired into it and are fully satisfied as to the bona fide character of the transaction. A contract was made on January 31st. on behalf of the Company for 100 bales of Khandesh Cotton, delivery between the 15th. and 25th. February, at seller's option at Rs.154/- per candy of 784 lbs delivered in Bombay. The seller could have under the contract called on the Company to take delivery of the cotton on any day after the 14th. February. But there being no funds in hand, to cover the purchase, the cotton was re-sold by a contract dated 14th. February at Rs.170/- and

delivered

delivered on February 26th. It will thus be seen that no payments whatever had been made on account of this purchase by the Company. It was only a question of recovering the difference in price. The account in respect of this contract was rendered on the 3rd. of March 1905 by Messrs. P. Chrystal & Co. through whom the transaction was negotiated, showing a net difference of Rs.675.10.10. which amount was recovered on the 10th. idem as per receipt passed to Messrs. P. Chrystal & Co. and the Directors find that the money has been duly credited in the books of the Company on that date. Those being the circumstances, how could one expect the difference to be credited in February ?

On the whole it appears that Mr. Basu has either been the unconscious victim of his evident want of acquaintance with methods of business or the unsuspecting dupe of some unscrupulous informer. The Agents command the full confidence of both the Directorate in Bombay and the proprietary body and it is a matter of regret that the actions honestly taken by them in the ordinary course of business should have been mis-interpreted. The Directors are of opinion that such a course would serve no good purpose.

In para 11, Mr. Basu draws attention to the heavy stock of Cloth and Yarn held on February 28th. the value of which, he has pointed out to be over Rs.60,000/- The figure is made up as under :-

Yarn, stock at Mill	68,803½ lbs.=	Rs.28,346. 6.11.	
Do in process	19,373½ " "	8,498. 5. 7.	
Do. at outstations	8,252½ " "	3,652. 7. 8.	
			Rs.40,498.15. 6

Carried over.

Brought over			Rs.38,392.15. 9.
Cloth stock at Mill	21,557½ lbs.	Rs.19,307.14.11.	
Do. in process	14,108½ " "	6,457. 5. 9.	
			Rs.24,725. 4. 8.
			Rs.63,118. 4. 5.

Mr. Basu has included stock in process of the value of Rs.12,950.11.4. which should have been left out as it does not represent the value of goods in a finished condition, ready for sale. Again, the cloth stock at Mills though correctly given, the value thereof, on the very face of it, appears to have been incorrectly put down. The agents explain that the value should have been Rs.11,310.13. 0, as intimated to Mr. Basu in the letter dated 15th March 1965 from the Company's Secretary. The correct value of the stock of yarn and cloth both at the Mill and out stations on the 28th of February comes to Rs. 43,709. 7.11, which by no means can be said to be a large figure. Moreover, the Mill having only recently restarted working, the goods have to be reintroduced in the market, which must necessarily take some time, apart from watching a favourable condition of the market to clear the goods. The Directors, by no means wish it to be understood that they are in favour of keeping a large stock of manufactured goods unsold, and thus lock up capital. But at the same time, it must be said that in commercial transactions a free hand should be given to those immediately concerned, as it would not be a wise policy to bring down prices by forced sales. On referring to previous records of the Company, as for those for the year 1963, the Directors find that the value of yarn and cloth in stock approximated a lakh of Rupees, when the Mill

was

was fully working, and an equal amount represented cotton in stock. If the Agents had sold off the Company's yarn and cloth at any price that offered to convert them into money, it might perhaps have been said against them that they were selling cheaper than the ruling market price. It is a well known fact that when the purchasers come to know of the weakness of the seller, it is the buyer that can dictate terms and not the seller. In such a case no fair price could be got for the article. On the other hand the seller can dictate his own terms, when he has plenty of funds and can afford to hold on. So the question is not one of speculation but one of pure business. The yarn has not been allowed to accumulate in anticipation of getting higher prices in the future, but because the intending purchasers realising the financial weakness of the Mill, perhaps, think that the can get the goods at any price they offer, and so their offers were generally much lower than the ruling prices. The Agents say that they have on no occasion failed to effect a sale when they got an offer at the market rate or even at a shade less than the market rate

The next point considered by Mr. Basu is as to what exactly should be considered a reasonable working capital for a small Mill like that of Bangalore, which has not even been put into full working order. The Mill contains 15,624 Spindles and 210 Looms, with a small Flour Mill attached. It is the opinion of experts that for an economical working of a Mill, the quantity of cotton to be always kept in stock should not fall short of a quantity equal to, at least, two month's' consumption, though many of the Bombay Mills are known to store cotton sufficient to last for over six months. The

stock

stock of manufactured goods may vary with the varying conditions of market and the seasons. Turning to the last published report of the Bombay Mill-Owners' Association presented to the annual general meeting held on the 15th April 1904 it is found that with 26, 55, 682 working spindles and 23, 125 looms, the total quantity of cotton actually held in stock on June 30th.1903, was 96,559 candies of 784 lbs each. These figures give an average of close upon 30 lbs. of cotton in stock per each working spindle, and taking an average of ½ lb. of raw cotton per spindle, per day, 30 lbs. of cotton would be equal to 60 days' consumption. The Chairman of the Bombay Mill-Owners' Association at the meeting above referred to, said on April 15th. 1904 in connection with the movement for short time working of the Mills, that some Mills in Bombay had a stock of raw material that would last them for four to six months. And this in spite of the abnormally high prices of cotton and the bad state of the yarn and cloth markets this time last year. Taking 5 oz. per spindle to be the outturn per day and the loss in cotton at 20 %, the raw cotton required would be 6¼ oz. per spindle per day. The number of spindles now working at the Company's Mill is over 10,000 and the raw material required at the above calculation is about 3,40,000 lbs. for sixty days, worth say @ 4 annas per lb. Rs. 80,000/-. To state the matter in brief, the minimum working capital required for the Mill, even supposing that only 10,000 out of 15,624 spindles and 100 out of 210 looms are working, would be equal to two months' cost of raw material, and expenses, plus value of two months' production. The following figures would give an approximate idea :-

Estimated working Capital for a Mill of 10,000 Spindles & 100 Looms working

Raw material = 2 months' consumption	say Rs.	30,000/-
Fuel " "		3,500/-
Stores " "		6,000/-
Wages and Salaries for two months.		10,500/-
Manufactured cotton goods in stock = 2 months' outturn		60,000/-
Total approximate working Capital required, exclusive of the Flour Mill, say	Rs.	1,50,000.

If all the spindles and looms be working to the full capacity, as it is hoped that they will in the near future, the working Capital required would be about two Lakhs of Rupees, if the working is to be economical and to the best advantage of the Company as well of the Government. A hand to mouth policy in the matter of the ways and means for the working of the Mill is not calculated to be as advantageous as one would wish, nor to fulfil the expectations of Government in consenting to the reconstruction Scheme. Even as much as 2½ lakhs might not be unreasonable, as that figure roughly represented the working Capital in previous years during the time of the late Agents, Messrs. F. Chrystal & Co.

Since the new Scheme for the working of the Mill came into force, the advances made by the Mysore Government are as follows :-

In July 1904. (before the current a/c was opened)	Rs.	5,000/-
In October 1904. " " "		8,000/-
In November. 1904. " " "		10,000/-
Letter of credit on the Kolar Treasury to the extent of Rs.		75,000/-
Total	Rs.	92,000.

N. B. Out of the above sum about Rs.15,000/- were expended in overhauling the machinery and otherwise putting the Mill in order.

Against the above the securiety held by Government on February 28th. 1905 was as under :-

Raw Cotton	Rs.20,092. 5. 6.	
Yarn including that in process	28,393.15. 9	Rs. 58,485. 5. 3.
Cloth		
Stock at Mill	11,810.13. 9.	
in process	6,457. 5. 9.	Rs. 18,268. 3. 6.
Other assets as per statement for the week ending 28.2.05.	44,689.12. 4.	Rs.1,21,443. 5. 1.
Add Value of spare articles shown in the March statement, but omitted through oversight in previous statements.		4,223. 9.11.
Grand total of Assets.		Rs.1,25,666.14. 0.
Less Liabilities on the same date as per statement		22,499. 7. 4.
Net Liquid assets, (inclusive of the Insurance premia paid in respect of the unexpired period of the year) under lien to Government.		1,03,167. 6. 8.
Advances made by Government as shown above.		92,000. 0. 0.
Excess of assets under lien to Government.		Rs. 11,167. 6. 8.

From the above figures, it is evident that during the short period ending on February 28th. 1905, the interests of the Mysore Government have in no way suffered, in that not only the machinery

and plant are to-day worth more by at least Rs.15,000/- (which sum roughly represents the preliminary expenses in overhauling the entire machinery and replacing some) than they were before the present Agents took charge of the concern, but also the Government have under lien assets much in excess of the advances, such excess being estimated at Rs.11,167. 0. 0.

Mr. Rau makes an incorrect statement when he says that so far as the Agents are concerned they get money free from Government It is surprising that Mr. Basu who seems to have been at considerable pains to study the details of the management of the Mill should have overlooked the important clause in the reconstruction Scheme, providing for the payment of 6 % interest to Government on money advanced to the Company for working capital. So long as there are liquid assets representing the value more than the sum advanced, the Government have, the Directors are of opinion, absolutely no risk. In Bombay even some of the worst Mill concerns with a heavy load of capital debt are known to have worked in time of bad trade with funds advanced by the Bank of Bombay on the security of liquid assets with 20 % margin. The Mysore Government, therefore, need have no fear to advance any amount so long as there are liquid assets which could readily be converted into money, to cover such advances.

Referring to the concluding para of Mr. Basu's note the Directors find that the matter there-in referred to has been fully explained in the Agents' letter dated 15th. March 1926 addressed to him. They therefore do not feel it necessary to travel over the same ground. But they at the same time, would support the very reasonable request

the Agents in the said letter for a further credit to the extent of Rs.50,000/- for the present.

I have the honor to be,

Sir,

Your most obedient servant,

C H A I R M A N .

Code Class. } Ctr

INDIAN TELEGRAPHS.

Monthly Number. } 03540

To (Office) Bangalore

From (Office) Bangalore

Words.	Day.	Hour.	Minute.	Official Instructions.
27	19	13	36	urgent

To (Person) Resident Mysore

From* (Person) Agent to Mysore Govt

32 Word Form.

Situation pressing further Credit fifty thousand absolutely necessary request immediate orders

BANGALORE 19-4-05

Recd. from LN. Sent to LN.

At Hrs. Mts. by At Hrs. Mts. by Telegraph Master.

* In foreign telegrams the *Person from*, if telegraphed, should be written after, but separated from the text.

20/4/05

My dear Venkata

Vardayan

will you kindly

see me with the

A. Agent in the matter

in the coming Monday?

Yours sincerely

The Agent has come to Bombay.
This was submitted in person
to the Devan Saheb at 10.30 am
this morning. This is submitted
for orders PS 20/4/1905

Code Class } RP

Rec. 18/4/05

D. 4307

INDIAN TELEGRAPHS.

Monthly Numbers } 033.

To (Office) Bangalore

From (Office) Bombay

Words.	Day.	Hour.	Minute.	Official Instructions.
29	18	12	1	

urgt

To (Person) Secretary
Mysore Govt
Revenue and General
depts

From* (Person) Chairman
Board of
Director
Corp

Referring boards letter ele
april further credit fifty thou
necessary to meet pressing
liabilities and keep mill w
assets cover request immediate
orders

Recd from LN.

At Hrs. Mts. by Recd on 18/4/1905

Sent to LN.

BANGALORE

At Hrs. Mts.

for Telegraph Mast

* In foreign telegrams the *Person from*, if telegraphed, should be written after, but separated from the text.

C G F—No 189 T—21 7 1903—2000000

Cash

Dr.

1905					
January		To Balance brought over from last month		462	8 6
	4	To Messrs N. Sirur & co			
		For cash received from them		17	5 0
	9	To Bangalore Remittance a/c			
		Cash received from Bangalore in currency notes		12000	0 0

Carried over. 12479 13 6

Contra

1905

Jany 4 By Bangalore General a/c
Paid Messrs Sirjee Cooverjee & Co
for supplying wheat as per bill 5.6

5 By Petty Charges a/c
Paid for telegrams to Bangalore 4.0

6 By Stationery a/c
Paid K R. Jadhav for supplying
3 rubber stamps as per bill 0 0

7 By Petty charges a/c
Paid for telegrams to Bangalore 4.0

10 By Bangalore General a/c
Paid Hindujee Amrangjee being
amount of draft No 14 drawn by
Mr N. A. Sirur against cotton
purchased for mill at Hubli 2500 0 0
Paid Mr Indap for printing
1000 ruled letter paper as per bill. 8.0.0
Paid Do for ruling 2 reams of
paper with double money columns
for the mill as per his bill 8.8.0
Paid M. S. Kelkar for equivalent
received at Bangalore 500 0 0 2566 8 0

11 By Bangalore General a/c
Paid Hiptoolla Bhoy & Sons for
Supplying white lead as per his bill 20.6.0

12 By Petty Charges a/c
Paid for a telegram to Bangalore 0.9.0

By Bangalore General a/c
Paid to Mr Ganish Gopal Pandit
Ahmadabad mtd.

3,067 4 6

Cash

£
1905
January

Brought over

12,479 13 6

Carried over

12,479 13 6

Contra

Cr

1905 Jany	Brought over		167. 4. 6
12.	By Bangalore General a/c		
	Paid to Mr. Ganesh Gopal Pun Ahmedabad by M. O. for supplying one cask Palmin for the mill in December 1904.		56. 2. 0
	Paid money order Commission thereon		0. 10. 0
	By Petty Charges a/c		
	Paid for a telegram to Bangalore		0. 4. 0
13	By Bangalore General a/c		
	Paid to Mr. Hansraj Meghji against cotton bought for the mill as per bill	1146. 4. 5	
	Paid Messrs P. Chrystal & Co brokerage & Hamoona charges on 52 bales Khandesh cotton purchased for the mill.	46. 15. 8	
	Paid Hindujee Amranaje being the amount of draft No 15 drawn by Mr. N. Sirur against cotton bought.	2500. 0. 0	6693. 4. 1
	By Law Charges a/c		
	Paid Messrs Thakurdas & Co Solicitors for their opinion & advice rca. as per bill		1360. 6. 0
14.	By Stationery a/c		
	Paid Mr. P. G. Chandavarkar for one office box & cash box as per his bill		35 7 0
	Carried over		11213 5 7

Cash

Dr.

1905			
January		Brought over	2,479-13-6
16	To	Messrs N. Sircar & Co's a/c. Cash advanced by them	2000 " "
		Carried over	14479-13-6

Contra

Cr

1905

Jany	Brought over		11.213. 5 7
14:	By Bangalore General a/c		
	Paid The South British Fire &		
	Marine Insurance Coy. for		
	insuring 52 bales of cotton sent		
	to Bangalore per S. S. Peiri		
	via Marmegoa.	5 5. 0	
16	Paid Hindujee Amrangjee		
	being the amount of draft No 16.		
	drawn by Mr. N. Sirur against		
	cotton purchased for the mill	2500 0 0	
	Paid Messrs M. S. Keshwala for		
	supplying Steel reeds as per bill	25.15 2	
	Paid Mr. Rajabali Jiv Bhoy for		
	Supplying hinges as per bill	15. 5. 10 2546. 10. 0	
	By Petty Charges a/c		
	paid for a telegram to Bangalore		0. 10 0
17.	By Bangalore General a/c		
	Paid Messrs The Burma Oil Coy.		
	for one Cask Shafting oil No 10 as		
	per bill.	35. 14 6	
	Paid do for Supplying one		
	Cask Shafting oil as per bill.	36. 4 0	71. 2. 6
	By Petty Charges a/c		
	Paid for a telegram to Bangalore	0. 9 0	
	Paid do do	1. 0 0	
18.	Paid "	1. 6 0	2 15 0

Carried over 13834 11 1

Cash

Dr.

1905						
January		Brought over			14479	13 6
	20	To Transfer Fee a/c				
		Cash from A. Madras being transfer fee on Shares Nos 368 to 373 and Nos 2833 & 2834		3 4 0		
		Cash from C. Madras being transfer fee on Shares Nos 379 to 382		2 0 0		5 4 0
	23	To Bangalore Remittance a/c				
		Cash received from Bangalore in Currency Notes			5000	0 0

Carried over 19485 6

Contra

Cr

1915				
Janry	Brought over			13834 11 1
18.	By Bangalore General a/c			
	Paid Messrs Richardson & Cruddas			
	for supplying Castings as per bill		25 6 6	
19	Paid Mr P. G. Chandavarkar			
	for one copy of wages Calculators			
	as per his bill		1 2 0	26 8 6
	By Petty Charges a/c			
	Paid for Telegram to Bangalore			1 0 0
	By Bangalore General a/c			
	Paid Messrs A. Abdullally & co			
	for supplying Machine Screws			
	as per bill		9 3 0	
20	Paid M. S. Kelkar as per			
	letter from Bangalore		45 0 0	54 3 0
21.	By N Sirur & Co's a/c			
	Paid Messrs N. Sirur & Co in part			
	payment of money advanced by			400 0 0
	them.			
	By Petty Charges a/c			
	Paid for a Telegram to Bangalore			1 0 0
	By Director's Fee a/c			
	Paid Directors their fee for attending			
	the meeting held on this day as per			
	receipt			150 0 0
23.	By Bangalore General a/c			
	Paid Hindujee Cumrangjee being the amount of			
	draft No 18 drawn by Mr N. Sirur against			
	Cotton purchased for the Mill @ Hubli with			
	interest on Rs 2500/- for one day over due			2501 4 0
			1-4	
	C. carried over			16968 10 7

Cash

Dr.

1905				
January	01		Brought over : : :	19485 1 6
	24	To	Bangalore Remittance a/c	
			Cash received from Bangalore	
			in Currency Notes : : : :	10,000 0 0
	25	To	Transfer Fee a/c	
			Cash from A. Saldanha	
			being Transfer fee on Shares Nos 3745378 :	2 8 0

Carried over 29487 9 6

Contra

Fo.

1905		
January	Brought over.	16,968 10 7
23	By Messrs N. Sirur & co's a/c Paid Messrs N. Sirur & co. being part payment of money advanced by them	2000. 0. 0
	By Petty Charges a/c Paid freight on 2 parcels received from Bangalore	1. 0 9
	By Messrs N. Sirur & co's a/c Paid Messrs N. Sirur & co. being The amount of office allowance for August 1904	250. 0. 0
24.	By Bangalore General a/c Paid B.R. Vakaiah & co for supplying soluble blue as per their bill	5. 10. 3
	By Petty Charges a/c Paid for a telegram to Bangalor	0. 12 0
	By Bangalore General a/c Paid A.S. Narielwala for supplying warp pins, as per bill	100 8. 0
	By Petty Charges a/c Paid Postage on a unpaid letter received from Hubli	0. 1. 0
	By Bangalore General a/c Paid Alcock Ashdown & co for supplying pistons etc as per bill	700. 0. 0.
	Carried over	20,026 10 7

Cash

1905

January 1 Brought over 29,487-9-6

Carried over 29,487 9 6

Contra

Cr.

1905 January

	Brought over			20026 10 7
27	By Bangalore General a/c			
	Paid Nalwala Cooper & co for			
	supplying economiser thermometer			
	as per bill		13 9 3	
	Paid do for repairing economiser			
	Thermometer as per bill		9 11 3	
	Paid do for supplying fork			
	holders as per bill.		15 8 4	
	Paid do for supplying glass			
	rods as per bill.		17 4 0	56 0 10
	By Petty Charges a/c			
	Paid for a telegram to Bangalore		1 0 0	
	Paid " "		1 0 0	
	Paid " " Hubli		0 11 0	2 11 0
	By Bangalore General a/c			
	Paid South British Marine Insurance			
	Co for insuring 60 Bales ~~of~~			
	Cotton sent to Bangalore per			
	S. S. Indravati		5 5 0	
	Paid Jeevaji Esaji & Sons			
	for supplying iron cutting			
	steel saws as per bill.		15 6 0	
2	Paid Mahomad Bhoy Curim			
	Bhoy for supplying Punkhas (Punches ?)			
	as per bill.		3 8 0	243 0
	By Bangalore General a/c			
	Paid Messrs P. Chrystal & co			
	against 60 B/s cotton purchased			
	for the Mill.		4465 15 0	
	Carried over		4465 15 0	20109 9 5

Cash

Dr.

1905			
January 1	Brought over →		29,487 9- 6

	~~Carried over~~ Total		29,487 9- 6

Contra

1905

January	Brought over	4465 15 0	20109 9 5	
	Paid Messrs. P. Chrystal & co brokerage & Ramoona charges as per bill.	52 9 8		
28.	Paid Messrs Macbeth Bros & co for supplying fillets as per bill.	495 13 0		52-9-8
	Paid T. A. Wagh & co for Stationary Supplies to Hubli as per bill.	20 9 0		34322-13-8
30.	Paid Messrs P. Chrystal & co. against 40 bales cotton purchased for the mill	34322 0		37-5-7
	Paid do brokerage & Ramoona charges as per bill.	37 5 8	85046 4	
	By Petty charges a/c			
	Paid for a telegram to Bangalore on 28th inst as per receipt		2 0 0	
	By Bangalore General a/c			
	Paid the South British Marine Insurance Coy. for insuring 40 Bales cotton sent to Bangalore		3 12 6	
31.	By Bangalore General a/c			
	Paid Messrs P. Chrystal & co being difference in their invoice of 40 bales of cotton bought		0 7 0	
	By Messrs. N. Sirur & co's a/c			
	Paid Messrs N. Sirur & co being office allowance for the months of September & October 1904.		500 0 0	
	C. & O. C. ~~Carried over~~ & total		29120 3 3	
	Balance		367 6 3	
	Total		29487 9 6	

11th February 1905

N. Sirur & Co
Agents.

D. 4255
SC: 34
Gen: Fin 131-04.

THE MYSORE SPINNING & MANUFACTURING COY.LD.

Bombay, 11th. April 1905.

To The Secretary,

to the Government of His Highness the Maharaja of Mysore.

Revenue & General Departments,

BANGALORE.

Sir,

The Board have the honour to acknowledge the receipt of your letter dated 25th. March 1905, giving cover to a note by the Comptroller on the working of the Mill up to 28th. February 1905, and the accompanying statements. They welcome the note as indicative of the great interest Mr. Basu is evincing in the proper working of the Mill, and they, therefore, feel obliged.

2. They regret, however, that Mr. Basu has thought fit to suggest a certain amount of distrust in the management, which, in their opinion, is not warranted by facts and figures. At two special meetings of the Board held on the 8th & 10th inst they have very carefully and fully enquired into the various allegations and insinuations contained in Mr. Basu's note, and have come to the conclusion that they are unjustifiable.

3. At the outset of his note, Mr. Basu observes that reports from Calcutta about a very large margin between Cotton and Yarn prices led him on an enquiry into the working of this Mill. Though the fact of Mills in other parts of India making large profits

profits may lead one to expect a Mill at Bangalore also to make profit, it is worth considering whether the present circumstances obtaining at Bangalore with respect to this Mill, are same as at other places. In the opinion of the Directors a comparison of the Company's mill, at the present stage of its operations, with those at Calcutta or Bombay would not be a fair one. Mr. Basu cannot be unaware of the difficulties that this Mill has to contend with. It has been only recently restarted after a prolonged cessation of work. It has yet to find sufficient labour, it has still to re-introduce its outturn in the market, and it has to organise almost everything anew. Evidently, Mr. Basu has made general allegations. It would have been more to the point, if he had given to Government an idea as to the actual results of the operations of the Mill based on facts and figures, during the short period that it has been working, and stated what he considered to be the results that could have been expected under the circumstances. From the Profit and Loss Sratements, which the Directors have gone through, it appears that there was a gross profit of Rs.2,370.2.6. for the two months, November and December, and of Rs.1,901.4.3. for the month of January 1905. These results they consider a very satisfactory beginning, and if only the working continues to show a progressive result, as it has been hitherto doing, there is no reason why this Mill also should not share in the general prosperity. Even as it is, a comparison of the Profit and Loss statement for November and December with that for January will show that the

that the Mill has taken advantage of the favourable circumstances of the cotton trade, which began to show themselves only from the latter part of December.

4 The first point raised by Mr. Basu for our consideration is as to how the prices paid for cotton compare with the market prices on the days on which the purchases were effected. From the statements referred to by Mr. Basu, the Directors find that between 19th. October and 27th. February, the total cotton invoiced and delivered to the Mill was 3,49,302½ lbs. of the net value of Rs.88,195.10.5. The quality of cotton was mostly Coompta and sawginned. The average per lb. works out to 0-4-0½ a.p. This price, including as it does the freight to Bangalore and delivery charges, does not compare unfavourably with the prices paid for similar qualities of cotton bought by the S. M. Coy. for their Mill as ascertained from information obtained from the Agents of the S. M. S.& W. Co. Ld. It should be noted that the pressing charges, freight and haulage work out to 3 pies per lb; when this is deducted from the price the comparison will be still more marked in favour of the Mysore Mill.

5. The average price of Coomptas at Bombay in November, the Directors have ascertained, was Rs.230-31 which works out to ./4/8.50 per lb. Till the 30th. November, the statements show a purchase of 1,35,373 lbs. of the net value of Rs.37,367.15.11 which works out to an average ./4/5 delivered in Bangalore as against the Bombay price ./4/8½ a clear gain of 3½ pies per lb. The price

paid

paid in the subsequent months show a fall in keeping with the fall in the market rates.

b. The next three points raised in Mr. Basu's note in paragraphs 4, 5, 6, & 7 may be summarised into the one main allegation, that the Agents have passed on, to the Company's Mill at Bangalore, Cotton which had been purchased by them previously for other parties at higher rates of prices than those ruling at the time it was required for use, and that Government money was utilised for purchases on account the Hubli Mill at cheaper rates, and this allegation he bases on the following grounds :- (1) That purchases have been made largely, when the price was rather high i.e. in the month of November. (2) That cash has been drawn largely when the price was very low, whereas the charges have been made at rates much higher than the ruling prices at the time of cash payments. (3) That the purchases of Cotton were commenced before the 23rd. November, the date on which the arrangement for obtaining funds with Government had been formally completed.

I did not object to Commencement in Nov. but I am making the complaint here because in March when it was quite certain how the Crop will go on W.P.

No, doubt, the first ground would have had some force if one was quite sure in November what the market was going to be in December and January. The pertinent point is whether cotton was required in November, and whether a proper price has been paid for it. As to prices, it has been already shown that the rates paid were, if anything, favourable to the Mysore Company. It may be pointed out that overhauling of the machinery, & c. had been taken in hand and the necessary supervising staff had been appointed so far back as 20th. July

Quite so. For both these reasons there has been continuous W.P.

July 1904, and that the Mill was ready to resume its regular operations towards the end of October. It would surely have been unjustifiable to keep the Company's Mill idle any longer, only for want of cotton, especially having regard to the fact that the supervising staff had been already appointed and their salaries and other necessary charges were running, and also having regard to the fact that the yarn and cloth markets were favourable. The Mill, therefore, when it started work on 31st. October 1904, did not commence work a day sooner, and that the cotton purchases made in November were quite justifiable.

8. Next, as to the quantity of cotton, Mr. Basu thinks that 1,35,373 lbs. cotton, of the net value Rs.37,367.15.11. purchased till the 30th. November was very large. That this quantity was reasonable may be shown beyond doubt from the fact that taking the averagecapacity of the Mill at 5,000 lbs. of yarn a day with a loss of 20 % in cotton, the daily consumption of cotton comes to 6,250 lbs. On this calculation the quantity of cotton required to fill up the machines in the Mill would be 6,250 X 5 = 31,250 lbs. i.e. a quantity equal to 5 days consumption. The cotton required to be passed through the machines for a month of 26 working days would be at this rate, 162,500 lbs., leaving alone the quantity of cotton to be kept in mixing, which should be an equally large one. This applies only to a Mill that spins. A much larger quantity of cotton would be required to be in process in a Spinning & Weaving Mill, especially where all the looms are to be filled up with new

beams.

beams. So, if all the looms and spindles had been at work in November, the quantity of cotton purchased in that month would have been very much short of the legitimate requirements, which would have approximated to 3,25,000 lbs. as against 1,35,373 lbs. actually purchased and delivered to the Mill. Of course, the Directors are aware that the Mill did not work to its full capacity in November nor is it so working now. This is due to scarcity of labour, and especially of trained hands - a difficulty, which the Agents could not have foreseen when they made the first purchases of cotton and for which they cannot be held responsible any more than for the price of cotton having receded in January 1905 after the 'heavy' purchases had been made in the previous November. Apart from this the Company's Journal for November shows that cotton used in November was 84,922¾ lbs. inclusive of 23,102 lbs. remaining in the mixing, at the end of the month. From this it is clear that that the quantity of cotton purchased in November was not much in excess of that used during the month.

5 The second ground relates to payments from the Company's cash having been made largely in months subsequent to those in which the purchases had been effected. Mr. Basu's next statement that the financial arrangement with Government had not been completed before the 23rd. November provides an answer to this. The necessity of buying cotton in November is shown in the foregoing part of this letter and the absence of funds, led the Agents to use their own personal credit in the interest of the Company, in that they purchased cotton on account of the Company and allowed it to be

under

under lien of Government without the Company or Government having advanced sufficient funds to cover the price there-of. According to the statement itself, cotton purchased and delivered to the Mill till 30th. November was 135,373 lbs. valued at Rs.37,367.15.11. as against cash payments of Rs.16,260.9.3. as per Mr. Basu's note, made by the Company there-for till that time. It is thus evident that the Company had in its possession and under lien to Government cotton worth Rs. 21, 107.6.8. in excess of the payments made, out of which Rs.17,500. was represented by 31 days drafts drawn in November on the Bombay office. It is rather curious and regrettable that a step taken by the Agents at personal risk and solely in the interest of the Company should have been interpreted in such a way as to be used against them. That cotton was actually purchased for this Company's Mill and for no one else will be evident from the fact that the original purchase invoices are all in the name of the Mysore Coy. with all the relative vouchers, and further from the fact that there are Railway Receipts of different consignments about the time the purchases were made which will satisfy Mr. Basu as to the bonafides of these transactions. The point is not when the actual cash was paid by the Company for the purchases, but whether the purchases were made or not for the Company and whether the cotton was delivered to the Mill on or about the dates of such purchases. If it could be shown, as it has been shown, that the purchases were made for the Bangalore Mill and the cotton was as a matter of fact delivered, the payments there-for at a subsequent date by the Company does not affect the question. The liability had been

The amount found due by B

incurred

incurred and it had to be met when the drafts matured. This explains the so called heavy payments made in the months of December and January when cotton was comparatively cheaper, for they were payments for cotton purchased and delivered in previous months as well, and necessarily at rates at which the purchases were made and delivered.

Cotton a/c Debtor to Sundries, as per Company's Journal are as follows :-

Oct. & Nov.	Bangalors cash	Rs.	1,001.13. 3.	
	Subagencies	"	36,314. 9. 6.	
				Rs. 37,316. 6. 9.
December.	Bangalore cash	"	727.15. 9.	
	Subagencies	"	18,744. 2. 6.	
				" 19,472. 2. 3.
January.	Bangalore cash	"	4,582.10. 9.	
	Do. Genl. a/c.	"	4,201.14. 8.	
	Subagencies	"	6,216.15. 7.	
				" 15,001. 9. "
			Total value	Rs. 71,790. 2. 0.

Add Value of Cotton in transit or bought but lying at out-stations as per Assets & Liabilities Statement for week ending 28th. January 1905 :-

Paid during the month	Rs.	9,037. 3. 8.	
Remaining unpaid by the Coy. during the month.	"	6,681. 5. 9.	
			Rs. 15,718. 9. 5.
Total value of Cotton purchased up to 31st.Jany.			Rs. 87,508.11. 5.

The payments made according to the cash accounts and liabilities incurred on account of the above purchases are as follows :-

	Cash Payments.	Liabilities on a/c of drafts payable 31 d/d.
Oct. & Nov.	Rs.16,401.13. 3.	Rs.17,500. Drafts drawn by Hubli on various dates in November and payable 31 d/d. i.e. discharged in the subsequent month.
December. including payments on a/c of drafts drawn in the previous month.	" 29,627.15. 9.	Rs.10,000. Drafts drawn by Hubli on various dates in December and discharged in the subsequent month.
January. including payments on a/c of drafts drawn in the previous month, and the value of cotton in transit.	34,797. 8. 8	Nil
Total Rs.	80,827. 5. 8. up to the end of January.	

11. From the above it will be clear that the value of cotton purchased and delivered to the Mill to the end of January was Rs.71,790.2.0. which with that of lots already bought and in transit or about to be despatched makes a total of Rs. 87,508.11. 5. But the total payments made till that date were only Rs.80,827.5.8.

thus

thus leaving cotton worth Rs.6,681.5.9 in the possession of the Company. Such being the facts it is curious to find Mr. Basu making the rather bold statement in para 8 of his note viz." On one point there can be no doubt and that is that the purchases are made out of Government money on account of Hubli Mill." The Directors would like to know whether this statement is based on facts ~~for~~ which he or any body else can vouch for. Mr. Basu further observes - " In the cash accounts submitted to the Comptroller Mysore, the following amounts have been charged as payments for purchases on account of the Hubli Mill :-

December 23	(Bombay)	Rs.	5,000/-
January 10	----------	"	2,500/-
January 23	----------	"	2,501. 4. 0.
		Rs.	10,001. 4. 0. "

12 We have examined the cash accounts of the Company and find those entries worded as follows :-

" By Bangalore General a/c.
Paid Hindujee Amarangjee
being the amount of 31 d/d.
drawn by N.A.Sirur against
cotton purchased for the
Mill, at Hubli " in one instance.

The Mill means the Mysore Spinning and Manufacturing Company's Mill, i.e.the Mill with which the books are concerned and the words at Hubli relate simply to the place of purchase and not to the situation of the Mill. Following Mr. Basu's method of drawing inferences

inferences it would perhaps have been permissible for us to say that no such concern as " the Hubli Mill" exists. The Agents deny having ever purchased for or from the Southern Mahratta S. & W. Coy's Mill at Hubli any cotton, and they affirm that they have nothing whatever to do with the cotton transactions of that Mill. The majority of the Directors including the Chairman are fully cognizant of this of their personal knowledge and they have further satisfied themselves from enquiries made of Messrs. Forbes Forbes Campbell & Co. Ld. , the Secreatries and Managers of the aforesaid Mill, that Messrs. N. Sirur & Co have no connection whatever with their Mill in the matter of cotton purchases.

13 In para 9 of his note Mr. Basu states that in February the Agent sold some cotton purchased at a lower price and made a profit of Rs.700/-and that it had been stated to him that it would be credited when the cheque was received. It is difficult to know what Mr. Basu's object could have been to refer to this matter. However, the Directors have inquired into it and are fully satisfied as to the bona fide character of the transaction. A contract was made on January 31st. on behalf of the Company for 100 bales of Khandesh Cotton, delivery between the 15th. and 25th. February, at seller's option at Rs.154/- per candy of 784 lbs delivered in Bombay. The seller could have under the contract called on the Company to take delivery of the cotton on any day after the 14th. February. But there being no funds in hand, to cover the purchase, the cotton was re-sold by a contract dated 14th. February at Rs.170/- and

delivered

delivered on February 25th. It will thus be seen that no payments whatever had been made on account of this purchase by the Company. It was only a question of recovering the difference in price. The account in respect of this contract was rendered on the 3rd. of March 1905 by Messrs. P. Chrystal & Co. through whom the transaction was negotiated, showing a net difference of Rs.675.10.10. which amount was recovered on the 10th. idem as per receipt passed to Messrs. P. Chrystal & Co. and the Directors find that the money has been duly credited in the books of the Company on that date. These being the circumstances, how could one expect the difference to be credited in February ?

14 On the whole it appears that Mr. Basu has either been the unconscious victim of his evident want of acquaintance with methods of business or the unsuspecting dupe of some unscrupulous informer. The Agents command the full confidence of both the Directorate in Bombay and the proprietary body and it is a matter of regret that the actions honestly taken by them in the ordinary course of business should have been mis-interpreted. The Directors are of opinion that such a course would serve no good purpose.

15. In para 11, Mr. Basu draws attention to the heavy stock of Cloth and Yarn held on February 28th. the value of which, he has pointed out to be over Rs.63,000/- The figure is made up as under :-

Yarn, stock at Mill	63,803¼ lbs.=	Rs.	28,246. 2.11.
Do in process	18,373¾ "	"	6,493. 5. 7.
Do. at outstations	8,252⅕ "	"	3,652. 7. 3.
			Rs.38,392.15. 9.

Carried over.

Brought over			Rs.38,392.15. 9.
Cloth stock at Mill	21,597½ lbs.	Rs.18,267.14.11.	
Do. in process	14,102½ " "	6,457. 5. 9.	
			Rs.24,725. 4. 8.
			Rs.63,118. 4. 5.

16. Mr. Basu has included stock in process of the value of Rs.12,950.11.4. which should have been left out as it does not represent the value of goods in a finished condition, ready for sale. Again, the cloth stock at Mills though correctly given, the value thereof, on the very face of it, appears to have been incorrectly put down. The agents explain that the value should have been Rs.11,810.13. 0, as intimated to Mr. Basu in the letter dated 15th March 1905 from the Company's Secretary. The correct value of the stock of yarn and cloth both at the Mill and out stations on the 28th of February comes to Rs. 43,709. 7.11, which by no means cah be said to be a large figure. Moreover, the Mill having only recently restarted working, the goods have to be reintroduced in the market, which must necessarily take some time, apart from watching a favourable condition of the market to clear the goods. The Directors, by no means wish it to be understood that they are in favour of keeping a large stock of manufactured goods unsold, and thus lock up capital. But at the same time, it must be said that in commercial transactions a free hand should be given to those immediately concerned, as it would not be a wise policy to bring down prices by forced sales. On referring to previous records of the Company, as for those for the year 1898, the Directors find that the value of yarn and cloth in stock approximated a lakh of Rupees, when the Mill

was

was fully working, and an equal amount represented cotton in stock. If the Agents had sold off the Company's yarn and cloth at any price that offered, to convert them into money, it might perhaps have been said against them that they were selling cheaper than the ruling market price. It is a well known fact that when the purchasers come to know of the weakness of the seller, it is the buyer that can dictate terms and not the seller. In such a case no fair price could be got for the article. On the other hand the seller can dictate his own terms, when he has plenty of funds and can afford to hold on. So the question is not one of speculation but one of pure business. The yarn has not been allowed to accumulate in anticipation of getting higher prices in the future, but because the intending purchasers realising the financial weakness of the Mill, perhaps, think that they can get the goods at any price they offer, and so their offers were generally much lower than the ruling prices. The Agents say that they have on no occasion failed to effect a sale when they got an offer at the market rate or even at a shade less than the market rate.

(7) The next point considered by Mr. Basu is as to what exactly should be considered a reasonable working capital for a small Mill like that of Bangalore, which has not even been put into full working order. The Mill contains 15,624 Spindles and 210 Looms, with a small Flour Mill attached. It is the opinion of experts that for an economical working of a Mill, the quantity of cotton to be always kept in stock should not fall short of a quantity equal to, at least, two month's' consumption, though many of the Bombay Mills are known to store cotton sufficient to last for over six months. The

stock

stock of manufactured goods may vary with the varying conditions of market and the seasons. Turning to the last published report of the Bombay Mill-Owners' Association presented to the annual general meeting held on the 15th April 1904 it is found that with 25, 33, 382 working spindles and 23, 125 looms, the total quantity of cotton actually held in stock on June 30th.1903, was 96,539 candies of 784 lbs each. These figures give an average of close upon 30 lbs. of cotton in stock per each working spindle, and taking an average of ½ lb. of raw cotton per spindle, per day, 30 lbs. of cotton would be equal to 60 days' consumption. The Chairman of the Bombay Mill-Owners' Association at the meeting above referred to, said on April 15th. 1904 in connection with the movement for short time working of the Mills, that some Mills in Bombay had a stock of raw material that would last them for four to six months. And this in spite of the abnormally high prices of cotton and the bad state of the yarn and cloth markets this time last year. Taking 5 oz. per spindle to be the outturn per day and the loss in cotton at 20 %, the raw cotton required would be 6¼ oz. per spindle per day. The number of spindles now working at the Company's Mill is over 10,000 and the raw material required at the above calculation is about 2,40,000 lbs. for sixty days, worth @ 4 annas per lb. Rs. 60,000/-. To state the matter in brief, the minimum working capital required for the Mill, even supposing that only 10,000 out of 15,624 spindles and 100 out of 210 looms are working, would be equal to two months' cost of raw material, and expenses, plus value of two months' production. The following figures would give an approximate idea :-

Estimated working Capital for a Mill of 10,000 Spindles & 100 Looms working

Raw material = 2 months' consumption	say Rs.	60,000/-
Fuel " "		3,500/-
Stores " "		6,000/-
Wages and Salaries for two months.		10,500/-
Manufactured cotton goods in stock = 2 months' outturn		80,000/-
Total approximate working Capital required, exclusive of the Flour Mill, say	Rs.	1,60,000.

14 If all the spindles and looms be working to the full capacity, as it is hoped that they will in the near future, the working Capital required would be about two lakhs of Rupees, if the working is to be economical and to the best advantage of the Company as well of the Government. A hand to mouth policy in the matter of the ways and means for the working of the Mill is not calculated to be as advantageous as one would wish, nor to fulfil the expectations of Government in consenting to the reconstruction Scheme. Even as much as 2½ lakhs might not be unreasonable, as that figure roughly represented the working Capital in previous years during the time of the late Agents, Messrs. P. Chrystal & Co.

15 Since the new Scheme for the working of the Mill came into force, the advances made by the Mysore Government are as follows :-

In July 1904.	(before the current a/c was opened) Rs.	5,000/-
In October 1904.	" " "	2,000/-
In November. 1904.	" " "	10,000/-
Letter of credit on the Huzur Treasury to the extent of Rs.		75,000/-
	Total Rs.	92,000.

N. B. Out of the above sum about Rs.15,000/- were expended in overhauling the machinery and otherwise putting the Mill in order.

Against the above, the securiety held by Government on February 28th. 1905 was as under :-

Raw Cotton	Rs.20,092. 5. 6.		
Yarn including that in process	38,392.15. 9	Rs.	58,485. 5. 3.
Cloth Stock at Mill	11,810.13. 9.		
in process	6,457. 5. 9.	Rs.	18,268. 3. 6.
Other assets as per statement for the week ending 28.2.05.	44,689.12. 4.		
		Rs.	1,21,443. 5. 1.
Add Value of spare articles shown in the March statement, but omitted through oversight in previous statements.			4,223. 8.11.
Grand total of Assets.		Rs.	1,25,666.14. 0.
Less Liabilities on the same date as per statement			22,499. 7. 4.
Net Liquid assets, (inclusive of the Insurance premia paid in respect of the unexpired period of the year) under lien to Government.			1,03,167. 6. 8.
Advances made by Government as shown above.			92,000. 0. 0.
Excess of assets under lien to Government.		Rs.	11,167. 6. 8.

2. From the above figures, it is evident that during the short period ending on February 28th. 1905, the interests of the Mysore Government have in no way suffered, in that not only the machinery

and

and plant are to-day worth more by at least Rs.15,000/- (which sum roughly represents the preliminary expenses in overhauling the entire machinery and replacing some) than they were before the present Agents took charge of the concern, but also the Government have under lien assets much in excess of the advances, such excess being estimated at Rs.11.167. 6. 8.

21. Mr. Basu makes an incorrect statement when he says that so far as the Agents are concerned they get money free from Government. It is surprising that Mr. Basu who seems to have been at considerable pains to study the details of the management of the Mill should have overlooked the important clause in the reconstruction Scheme, providing for the payment of 5 % interest to Government on moneys advanced to the Company for working capital. So long as there are liquid assets representing the value more than the sum advanced, the Government have, the Directors are of opinion, absolutely no risk. In Bombay even some of the worst Mill concerns with a heavy load of capital debt are known to have worked in time of bad trade with funds advanced by the Bank of Bombay on the security of liquid assets with 20 % margin. The Mysore Government, therefore, need have no fear to advance any amount so long as there are liquid assets which could readily be converted into money, to cover such advances.

22. Referring to the concluding para of Mr. Basu's note the Directors find that the matter there-in referred to has been fully explained in the Agents' letter dated 15th. March 1905 addressed to him. They therefore do not feel it necessary to travel over the same ground. But they at the same time, would support the very reasonable request

the Agents in the said letter for a further credit to the extent of Rs.50,000/- for the present.

I have the honor to be,

Sir,

Your most obedient servant,

C H A I R M A N .

Revised draft Sl: 40.

Proceedings of the Government of His Highness the Maharaja of Mysore.

---ooOoo---

Read:-

Correspondence ending with letter dated 11th April 1905, from the Chairman of the Board of Directors of the Mysore Spinning and Manufacturing Company, regarding the working of the Company since it re-started work in October 1904.

Order thereon No. Fi. 8188-91 dated 1-6-05.
Elgi 131-f04-

After a careful perusal of the correspondence read above, the Government are constrained to remark that while they have no desire to cast any reflections on the management of the Company till now by the Board of Directors, it would have been a matter of satisfaction if more accurate explanations had been given regarding some of the points noticed by the managing director. The attitude taken up by the Bombay Directors, is unhappily not one of friendliness towards the Managing Director, and the figures supplied do not appear to be altogether accurate. The Mill is in a state of trial and while it may be readily

conceded that all are actuated by the best of motives, the defects by whomsoever pointed out must be removed and the best working possible secured for the Mill.

2. It is unnecessary to state that under the terms of the agreement with the Company, the Government have secured to themselves full powers to control and direct the management of the Mill, and it therefore behoves the Board of Directors as well as the agents to offer all reasonable facilities to the Comptroller who is the Managing Director acting on behalf of Government as well as the other official director -both acting, it may be presumed, with the best of intentions for the success of the Mill- to obtain any insight that may be necessary into the details of the internal working of the Mill in order to satisfy themselves that the concern is worked on proper lines and with due regard to the interests of Government.

3. It is understood from entries found in the account-books that the services of brokers are utilized. It is also found that similar companies elsewhere have found no difficulty in disposing of their stock readily in large quantities. While so, it is not clear why proper efforts were not made to dispose of the stock of yarn &c in hand expeditiously. The irregularities and delays brought to notice in the matter of purchases and sales of the Com-

hitherto shew the need therefore for the creation of more facilities and render the employment of a recognized broker who knows the market and who keeps himself in touch with it well nigh indispensable, to efficiently conduct the Company's transactions. Mr. OOsman Khan, a merchant of standing of the Doddapetta of Bangalore, who has been recommended as having a fair knowledge of the business, should be employed as a broker on trial for a period of one year. He may be paid a small commission of 8 annas per ₹100 paid or received in the transactions carried on through him, as well as any necessary expenses incurred by him in connection with the business, such as actual rail way fare, cart-hire, postage &c., from the earnings of the Mill, after due verification. Action must at once be taken to dispose of the stock of yarn &c now in hand as well as future produce promptly. The receipts accruing from these sales should be deposited in the Government Treasury from day to day and the agents must supply information to the Managing Director of the quantity and quality of cotton bought and the price given every time a purchase is made.

4. In regard to the further advance of ₹50,000 applied for, the Government are anxious to secure the strict application of the amount to

the purchase of cotton and the payment of labor. They are accordingly pleased to sanction the advance to the agents of a sum not exceeding ₹20,000, under the usual conditions. But it is essential that the value of stock should be such as to reasonably cover the amount of advances made by Government. It is hoped that with greater attention to economical working better results will be obtained in the immediate future.

5. In conclusion, the Government have to remark that they cannot approve of the course adopted by the agents in not furnishing Mr. Setlur with the information he wanted, -a course which seems to border on discourtesy and for which Government would be glad to receive an explanation from the Directors.

30.V.05

31.5.1905

30.5.05

Secretary.

To the Comptroller

The Chairman of the
Directors of the Mysore
Spinning & Weaving Company
S.S. Setlur Esq B.A. L.L.B

Copy of portion of para 3/5 Ind Opinion marked

Typed on 1/6/05

Subd to Secretary

The Dewan desires you to kindly verify if Mr Osmani Khan has agreed to receive the commission of 8 annas per 100 Rs. paid or received in connection with the Mill transactions This may be done before the cross wires.

HBR
3/5

Yes, done. He has agreed with thanks. - Jadhav for the Dewan Saheb

HBR
4.5.1905

Subd to Secretary

Seen by Dewan and ordered to be placed in the file

HBR
1.6.05

Mark II

5891

Place in the file

4.6.1905